

**NON-SURFACE USE OIL AND GAS COOPERATIVE AGREEMENT**

(DUTCH FORK LAKE)

This agreement made and entered into this 20<sup>th</sup> day of Apr. 1, 20 12 ("Effective Date") by and between the **COMMONWEALTH OF PENNSYLVANIA, acting through the PENNSYLVANIA FISH AND BOAT COMMISSION**, with an address at 1601 Elmerton Avenue, Harrisburg, Pennsylvania 17110, hereinafter referred to as "Commission" and **RANGE RESOURCES – APPALACHIA, LLC**, a Delaware limited liability company with an address at P.O. Box 30, Canonsburg, Pennsylvania, 15317 authorized to do business within the Commonwealth of Pennsylvania, hereinafter referred to as "Operator."

WITNESSETH:

WHEREAS, Commission is authorized by section 744 of the Fish and Boat Code (30 Pa. C.S. §744) to dispose of, by lease, sale or otherwise, oil and gas or rights therein on or under lands to which it has acquired title; and

WHEREAS, Commission is the owner of the oil and gas rights underlying 588.6 acres, more or less, of its property known as Dutch Fork Lake in Donegal Township, Washington County, and shown in Exhibit A, attached hereto and incorporated herein ("Premises"); and

WHEREAS, Commission has made a determination that the entering into a cooperative agreement for the removal and production of oil and natural gas from the Premises with no surface disturbance hereinafter described will be in the best interest of Commission.

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, paid by Operator to Commission, receipt of which is hereby acknowledged, and other mutual covenants and agreements hereinafter set forth, Commission does hereby enter into this Agreement exclusively with Operator for the purposes only of exploring, drilling, operating, producing, removing, measuring and marketing of oil, gas and liquid hydrocarbons, including the pooling of all or a portion of the Premises shown on the map in Exhibit A. It is understood that the acreage and the location shown on Exhibit A are approximate and subject to further title review by Operator.

This Agreement grants subsurface contractual rights to develop and extract oil and gas only and does not convey any other surface or subsurface rights associated with the Premises, except for seismic surveying purposes as permitted under Paragraph 12.

1. TERM

1.1 Unless sooner terminated or longer kept in force under other provisions hereof, this Agreement shall remain in force for a term of five (5) years from the Effective Date, hereinafter called the "Primary Term", subject to the conditions hereinafter set forth and shall continue from year to year thereafter so long as oil or gas is produced or is capable of producing in Paying Quantities from the Premises hereunder or from lands unitized therewith, or as long thereafter as operations as hereinafter defined, are conducted upon said Premises or on lands unitized therewith,

with no cessation of more than one hundred-eighty (180) consecutive days. "Paying Quantities" as used herein shall mean production paying in excess of operating expenses.

## 2. RECORDING OF MEMORANDUM OF AGREEMENT

2.1 It is agreed and understood that a Memorandum of Oil and Gas Cooperative Agreement will be filed of record for the purpose of providing notice of the existence of this Agreement in lieu of recording the executed original. Within ninety (90) days following the receipt by Operator of a fully executed copy of this Agreement, Operator shall record the Memorandum of Oil and Gas Cooperative Agreement in the Office of the Recorder of Deeds for the county or counties in which the Premises lies and shall furnish to Commission a copy of the recorded Memorandum that clearly shows the recorded reference data.

## 3. PAID-UP BONUS, DELAY IN MARKETING, AND SHUT-IN PAYMENTS

3.1 BONUS: A one-time, paid-up bonus payment for a Non-Surface Use Oil and Gas Cooperative Agreement will be due and payable to the Commission within 45 days from the Effective Date of this Agreement. Said bonus payment is subject to title verification by Operator and will be set at Three Thousand Eight Hundred Dollars (\$3,800.00) per net acre of oil and gas rights owned by Commission, being approximately Two Million Two Hundred Thirty-six Thousand Six Hundred Eighty Dollars (\$2,236,680.00). (588.6 acres x \$3,800.00).

3.2 SHUT IN RENTAL: If, at the end of the Primary Term or at any time or times thereafter, there is a well or wells under the Premises or on lands with which the Premises or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in because of (i) lack of market or market facilities (including pipelines) or available transportation on existing pipelines; (ii) the necessity to construct or repair facilities including pipeline, gas processing or treating facilities or compressors, including such facilities which may be situated on lands other than those described herein; (iii) the necessity to construct, maintain, repair or replace a pipeline(s) carrying oil or gas produced from the Premises or lands pooled therewith; (iv) events of force majeure beyond the reasonable control of Producer; or (v) any other such similar circumstances, this Agreement shall continue in force as though operations were being conducted under said land or oil or gas produced therefrom for so long as said wells are shut-in, and thereafter this Agreement shall continue in force as if no shut-in had occurred, provided the shut-in payment set forth in this paragraph is paid or tendered by Operator. If, at any time or times after the expiration of the Primary Term, all such wells are shut-in for a period of one hundred eighty (180) consecutive days or more, and there are no other operations under said land, then before or within ten (10) days after the expiration of the one hundred eighty (180) day period of shut-in, Operator shall pay or tender by check, as a shut-in royalty payment the sum of \$150.00 per net acre per annum for each acre then covered hereby for so long as all such wells are shut-in. Operator shall make like payments or tenders at or before the end of each annual anniversary of the shut-in of the wells if upon such anniversary this Agreement is being continued in force solely by the provisions of this paragraph. Each such payment or tender shall be made to the Commission.

## 4. OIL ROYALTY

4.1 Operator shall pay to Commission, as royalty, Eighteen Percent (18%) of the field price per barrel of oil (42 U.S. Gallons) at 60 degrees Fahrenheit produced and sold; the amount to be

paid to Commission will be the Eighteen Percent (18%) royalty multiplied by the fractional interest held by Commission in any Unit, as defined in Paragraph 8.3.

4.2 Operator shall gauge, measure, sample, and test all petroleum and petroleum products in accordance with standard practices as outlined in American Petroleum Standard 2500, January 1, 1955, or as subsequently amended by the same authority, and at a temperature base of 60 degrees Fahrenheit. Operator shall provide tanks for accurately measuring the crude oil produced from the Agreement. Positive copies of one hundred percent (100%) capacity tank tables or other acceptable standards of measuring production are to be furnished to Commission.

## 5. GAS ROYALTY

5.1 Operator shall operate each well with a discrete well meter at the well site, which will measure all the gas produced from that well. Operator shall ensure that all meters are maintained according to industry standards.

5.2 Operator shall pay to Commission, as royalty, Eighteen Percent (18%) of the proceeds received by Operator, for all natural gas, casinghead gas, natural gas liquids and condensates, or other gaseous substances produced and sold or utilized by Operator from each gas well drilled on the Premises or on lands unitized therewith; the amount to be paid to Commission will be the Eighteen Percent (18%) royalty multiplied by the fractional interest held by Commission in any Unit and shall be payable monthly at the price(s) actually received by Operator, subject to Section 5.3 below.

5.3 The royalties payable to Commission hereunder shall never be charged with any part of the costs and expenses for exploration, drilling, development, production, storage, processing, compressing, marketing or transportation to the point of the first sale of the production from the Premises. Commission's royalty share shall be based on the net proceeds received by Operator, after all deductions for costs and expenses necessary to make the gas marketable, sell and deliver it, for gas sold, used off the premises, or in the manufacture of products therefrom, and in no event less than eighteen percent (18%) of the actual net amount so received by the Operator; and it is expressly agreed that Commission's royalty share of gas shall bear its proportionate share of all costs incurred subsequent to the production of raw gas and all of its constituents at the wellhead, including any and all costs of gathering, transportation, compression, dehydration, treatment, conditioning, processing of gas for extraction of liquids, firm capacity, and marketing fees charged by an unaffiliated third party for the sale of gas and its constituents, all of which shall be proportionally charged to Commission's royalty share in determining the amount payable to Commission for Commission's royalty share of the production under the Agreement. It is the intent to insure that the Commission receives a price that is not less than, or more than, the price received by Operator including all enhancements received by the Operator less any charges and deductions made by a purchaser.

## 6. PAYMENTS

6.1 Operator shall be held responsible for the payment of all delay in marketing, shut in or bonus payments and royalties. Payments shall be mailed to: NGWA Program Coordinator, Office of Administration, PA Fish and Boat Commission, P.O. Box 67000, Harrisburg, PA 17106-7000.

All checks shall be made payable to Pennsylvania Fish and Boat Commission. Payment of royalty for oil or gas marketed during any calendar month to be on or about the 60<sup>th</sup> day after receipt of such funds by Operator.

6.2 Operator shall submit statements by individual wells of the production and sales of oil, gas, other hydrocarbon products and other products within approximately sixty (60) days after each monthly sales period. In addition, Operator shall submit annually a copy of the "Annual Well Production Report" for each well drilled under this Agreement. Operator shall submit all statements and reports to the NGWA Program Coordinator.

6.3 Once it has been determined by Commission that Operator is in default in the payment of any sum of money payable under provisions of this Agreement for sixty (60) days, Commission shall notify Operator in writing. Operator shall have thirty (30) days from date of receipt of such notice to respond or cure said notice. If Operator fails to respond or cure, then Operator agrees to pay an additional six percent (6%) annual interest on the defaulted amount calculated from the time of such default. This provision is in no way a waiver of the requirement to pay on time.

## 7. FIRST WELL

7.1 Unless sooner terminated as otherwise herein provided, Operator shall commence a well (the "First Well") on unitized acreage containing a portion of the Premises no later than five (5) years from the Effective Date of this Agreement and shall proceed with due diligence to complete the First Well. In the event the First Well is not commenced within the five (5) year period, the Agreement shall be automatically terminated in its entirety, unless Commission, in its sole discretion, provides Operator with written notice of an extension of the period to commence the First Well at least thirty (30) days prior to the fifth anniversary date of this Agreement. An extension shall be granted only when Commission considers it to be in the best interests of the Commonwealth.

7.2 The payment rate provision of the Agreement shall not be affected by such extension of the 5-year first-well deadline. Additionally, the granting of an extension shall in no way affect the anniversary dates of this Agreement or the rights and responsibilities of Commission and Operator associated therewith.

## 8. SUBSEQUENT WELLS

8.1 If the First Well drilled by Operator or any subsequent well is productive of oil and/or gas and the well is expected to return the investment and operating costs on that well during the anticipated productive life of the well to its economic limit, Operator shall drill an additional well on a Unit containing a portion of the Premises, but not necessarily on the portion of the Premises already contained within a Unit, as would be drilled by a reasonable prudent operator acting under the same or similar circumstances. If an additional well is necessary, it must be commenced no later than twelve (12) months after the end of the primary term of this agreement; provided, however, that if Operator concludes that an additional well is not justified, Operator shall submit to Commission the information upon which the conclusion is based. Upon review of such information, if Commission determines that an additional well should be drilled, Operator shall have the option of drilling an additional well within six (6) months from Commission's determination or releasing all of the acreage covered by the agreement except for any acreage within an established Unit.

8.2 Operator shall not be required to drill more wells than required or allowed under any spacing order, rule, or regulation of the Pennsylvania Department of Environmental Protection (“DEP”), or in the absence of any such order, more than one well for each Unit as outlined in Paragraph 8.3.

8.3 The amount of acreage included in a spacing unit (“Unit”) shall be regulated by the DEP, or in the absence of an order by the DEP, forty (40) acres where oil is being produced as the principal product of such well, or six hundred forty (640) acres where gas is being produced as the principal product of such deep well which has been drilled to the Marcellus Shale Formation or deeper or an associated Upper Devonian shale formation, or one hundred twenty (120) acres where gas is being produced as the principal product of such shallow well which has been drilled above the Marcellus Shale Formation or an associated Upper Devonian shale formation.

## 9. DEVELOPMENT

9.1 Subject to Paragraphs 8.2 and 8.3 (Subsequent Wells), Operator agrees to drill such wells as a reasonably prudent operator would drill under the same or similar circumstances and after discovery of oil or gas on the Premises, to develop and produce from the Premises efficiently and economically, without waste and to the best advantage of the Commission.

## 10. UNITIZATION

10.1 It is understood that this Agreement is being made for the purpose of permitting Operator to unitize the Premises with other properties, which other properties shall bear all the burden of surface development. Commission understands and gives consent that, due to slant (directional) or horizontal drilling originating from surface entry on a parcel not owned by Commission, the wellbore/s may pass through or terminate below the Premises.

10.2 Operator shall have the right at any time or times to pool and consolidate the Premises, in whole or in part or as to any stratum or strata, with lands or leases adjacent to or in the immediate vicinity of the Premises, so as to constitute a Unit or Units subject to the limitations set forth in Paragraph 8.3, for the purpose of entering, with the owners and/or lessees, into joint operating agreements providing for the joint operation and development of the Premises or portions thereof with adjoining lands to prevent the drilling of an excessive number of wells or of wells located too close to the boundary of the Premises, provided, however, that should such Unit not comply with Paragraph 8.3 then such agreement and termination thereof shall not become valid unless and until the same shall have been approved in writing by Commission; provided further, however, that if such joint operating agreements or unit agreements are entered into pursuant to a valid spacing or integration order, the approval of Commission shall not be required.

10.3 Drilling or reworking operations upon, or production of oil or gas from any part of any such Unit shall be treated, for all purposes hereunder, as operations upon or production from under the Premises, provided that Operator is the owner of the off-lease property.

10.4 Upon production from any part of any such Unit, Commission shall be entitled to and Operator shall pay royalties calculated as follows: there shall be allocated to the portion of this Agreement included in such Unit a fractional part of such production on the basis the ratio of the net acres from the Premises included in such Unit bears to the total number of acres included in the

unitized area and Commission shall be entitled to the royalties provided for in this Agreement on such fractional part of such production.

## 11. CONTINUOUS OPERATIONS

11.1 If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises, but Operator has commenced the drilling of a well under the Premises, the Agreement will not terminate but will remain in effect for so long thereafter as operations are carried out with due diligence with no cessation of more than 180 consecutive days, and if the operations result in the production of oil or gas, the Agreement shall remain in force as otherwise provided herein. For the purposes of this Agreement, the term "Operations" means operations for any of the following: drilling, testing, completing, fracture stimulation, reworking, recompleting, deepening, plugging back, or repairing of a well in search of or in the endeavor to obtain production of oil, gas, condensate or other associated hydrocarbons.

## 12. SEISMIC SURVEYS

12.1 Operator, its agents, contractors and subcontractors and employees of contractors and subcontractors shall have the right to conduct seismic surveys over and across the Premises. Prior to conducting any seismic work on the Premises, Operator shall submit to Commission's NGWA Program Coordinator for consultation and coordination a map showing the location of each and every seismic line and avoid to the fullest extent possible any adverse impacts to critical/unique aquatic habitats and/or aquatic resources and/or real property improvements as determined by Commission. Commission shall approve in writing, within forty-five (45) business days, Operator's plans for seismic activities on the Premises. When Operator's seismic lines cross Commission lands not under agreement with Operator, Operator must obtain the customary Seismic Survey License from Commission. Commission shall be able to execute upon the performance security required in Paragraph 22 (Performance Security) of this Agreement for all damages that may arise as a result of said seismic surveys. Operator agrees that seismic surveys will not be conducted on the Premises during the first two weeks of trout season and other periods identified by Commission.

12.2 During the term of this Agreement, a copy of all seismic data gathered or obtained from any seismic survey conducted on the Premises will be made available to Commission for review at any time after a period of one (1) year of the date of completion of each individual seismic survey. Commission may examine the information gathered in the seismic survey at the location where such information is normally maintained by Operator during regular business hours. Commission hereby agrees that none of the seismic information examined by Commission's staff will be copied or taken from Operator's premises without the express written permission of Operator.

## 13. WELL RECORDS, LOGS AND REPORTS

13.1 Within 30 days of written request by Commission, Operator shall furnish to Commission production and status reports as required by 25 Pa. Code §78.121 for submission to the Pennsylvania Department of Environmental Protection for any wells drilled and completed upon lands unitized with the Premises. Furthermore, within thirty (30) days of written request by Commission, Operator shall furnish to Commission well records and completion reports as required by 25 Pa. Code §78.122 for submission to the Pennsylvania Department of Environmental Protection for any wells drilled and completed upon lands unitized with the Premises.

14. CONFIDENTIALITY

14.1 Records that Operator provides to Commission may be subject to public disclosure under the Pennsylvania Right-To-Know Law, act of February 14, 2008, P.L. 6, No. 3, 65 P.S. § 67.101 *et seq.* Operator shall advise Commission in writing of any records submitted pursuant to this Agreement that contain trade secrets or confidential proprietary information. Commission shall maintain such records solely for use by the Commonwealth and shall not disclose such records to any third party unless Operator consents or Commission is directed to do so pursuant to a court order. Commission shall notify Operator of any request received for such records.

15. AUDITS

15.1 Operator shall furnish to Commission, at its request, copies of the meter charts or data covering the production of each well on the Agreement. Commission may keep such charts or data for examination for a period not to exceed ninety (90) business days. Operator shall furnish or secure for Commission promptly any statements furnished to Operator by any person or corporation to whom Operator delivers for sale or transport any oil, gas, and other products produced from the Premises.

15.2 Operator further grants to Commission the right at any reasonable time to examine, audit, or inspect books, records, and accounts of Operator pertinent to the purpose of verifying the accuracy of the reports and statements furnished to Commission, and for checking the amount of payments lawfully due under the terms of this Agreement for any calendar year within the thirty-six (36) month period following the end of such calendar year. The audits shall not be conducted more than once each year without prior approval of Operator. Said inspection shall occur at Operator's offices at Commission's sole expense. Operator agrees to provide every reasonable aid to enable such audit to be made by Commission. If such audit should disclose any gross error (i.e., deficiency of equal to or greater than 3% of reported volume) or fraud by Operator in payment of royalties, then Operator shall pay the cost and expense of the audit together with the deficiency. However, in case of fraud by Operator, such payments shall not preclude Commission in its discretion from canceling this Agreement upon delivery to Operator of written notice of Commission's intention.

16. RELEASE

16.1 Operator shall not be granted a final release from the terms of this Agreement until all records and reports and other data required herein have been provided to Commission, all other terms of this Agreement have been met and Commission's authorized representative has met with Operator's authorized representative on the ground, inspected the Premises, and both parties have signed a Statement of Release. Said release shall not be unreasonably withheld by Commission. In the absence of a two-party signed Statement of Release, Commission shall accept the NGWA Program Coordinator's findings based on his/her independent inspection of the Premises.

17. COMMISSION'S TERMINATION

17.1 In the event Commission considers Operator has not complied with its express or implied obligations hereunder, Commission shall notify Operator in writing, indicating specifically what Operator allegedly has breached. Operator shall have thirty (30) business days after receipt of said notice to meet or commence to meet any part of the breach alleged by Commission. Commission shall not bring any action against Operator until thirty (30) business days, in the case of monetary

breach, or ninety (90) business days, in the case of any other breach, after service of such notice on Operator.

17.2 If, after expiration of the time periods set forth in this paragraph, Operator has not cured the breach or no other resolution has been reached, Commission shall have the right, but not the obligation, to terminate this Agreement. If Commission elects to terminate, then Operator shall have a right to appeal, challenge or otherwise object in any appropriate court of forum to the matter at issue.

## 18. OPERATOR'S TERMINATION

18.1 Operator may at any time, or from time to time, surrender this Agreement or any portion of the Premises if Operator is not then in default of any obligations under this Agreement; provided, however, that such surrender must be evidenced by written notice delivered to Commission at least thirty (30) business days prior to the effective date thereof, and that Operator has performed all commitments with which Operator is charged to the effective date of the surrender. Any amount paid as an advance bonus, delay in marketing or shut in payments, previous to the effective date of the surrender shall be deemed liquidated damages due Commission and shall be in no way prorated or subject to claim by Operator for return to Operator. The "First Well" provision shall not be regarded or construed as a commitment or obligation under this paragraph.

18.2 In the event that producing wells are to be retained, Operator shall be entitled to retain that drainage acreage attributable to each well as previously provided under Paragraph 8 and Paragraph 10 (Subsequent Wells and Unitization). Operator shall deliver to Commission a release or releases in duly recordable form approved by Commission. Operator shall be relieved of all obligations thereafter accruing as to acreage surrendered, and any payments thereafter coming due shall be reduced in the same proportion that the acreage covered hereby is reduced; provided, however, that Operator shall not be relieved of any obligation which accrues prior to such surrender even if the result caused by Operator's performance or failure of performance of an obligation or covenant does not manifest itself until after the date of surrender.

## 19. INDEMNITY AND HOLD HARMLESS

19.1 Operator shall at all times hereinafter indemnify and save harmless Commission from and against all detriment, damage, loss, claims, demands, suits, and expenses, or other claims of any kind whatsoever which Commission may sustain, suffer, or be subject to directly or indirectly by reason of location, obstruction, presence, maintenance, renewal, or removal of the operations permitted by this Agreement or resulting therefrom.

19.2 In no case shall Commission waive its right to assert a defense of sovereign immunity to any claim for damages, pursuant to the authority contained in the JARA Continuation Act of 1980, Act of October 5, 1980, Public Law 693, No. 142, as amended, or any other legal authority established in the Commonwealth which permits use by the Commonwealth of a sovereign immunity defense.

## 20. ASSIGNMENTS

20.1 Operator shall not use or allow to be used the Premises for any other purpose than authorized by this Agreement and shall not assign or sublet the Premises in whole or in part at any

time or from time to time without the prior written consent of Commission. Operator shall make application to obtain such consent in writing accompanied by a plat to Commission describing the land to be assigned and the contractual rights therein if less than the whole, together with the contractual rights retained by Operator. Assignee shall agree in writing to be bound by all of the terms and provisions of the Agreement and shall furnish a surety or performance bond satisfactory to Commission. After Commission has consented to the assignment and assignee's assumption of all liability under this Agreement arising or accruing subsequent to the date of such assignment as to the part or parts so assigned, Operator shall be released from all liability and assignee shall be deemed to have assumed and be responsible for the covenants, conditions, and obligations of this Agreement as to the part or parts assigned. In the event that only a portion of the Premises is assigned, the default of any of the covenants, conditions, or obligations of this Agreement by one of the holders of a portion of the Premises created by an assignment will not affect the contractual rights of a party not in default.

20.2 In the event that Operator enters into a "Farmout Agreement" with a third party for the purpose of allowing a "Farmee" to explore, develop, or produce oil and/or gas from the Premises, or any portion thereof, Operator shall be liable for enforcing all the provisions of this Agreement. Although Commission recognizes a right of Operator to farmout its Premises or portions thereof from time-to-time, Commission will hold Operator solely responsible for the enforcement of all the provisions of this Agreement.

## 21. RELATED AGREEMENTS

21.1 Upon request by Commission, Operator shall furnish a copy of all agreements made, contracts entered into, and all letters or other memoranda made by or provided to Operator that in any way concern the development, operation or sale of products related to this Agreement.

## 22. PERFORMANCE SECURITY

22.1 Within 45 days of the Effective Date of this Agreement, Operator shall provide Commission with financial security in a form acceptable to Commission (*i.e.*, surety bond, irrevocable letter of credit with evergreen provisions, bank certificate of deposit, *etc.*) for the principal sum of Seventy-five Thousand Dollars (\$75,000.00) conditioned on the faithful performance by Operator of the covenants of this Agreement. In addition, the performance security shall be conditioned in favor of the Commonwealth for all damages that may arise as a result of fires, accidents, pollution, or any other causes brought about by Operator or Operator's agents drilling under the Premises or any drilling or surface disturbance associated with oil and gas development occurring in the vicinity of the Premises.

22.2 Every five (5) years during the term of this Agreement, and effective on the anniversary of the Effective Date of this Agreement, new financial security amounts may be instituted at the option of Commission by notice in writing from Commission to Operator at least six (6) months prior to the anniversary date. Such new security amounts shall equal the original security amounts set forth in this paragraph adjusted for inflation so that the security amounts will adequately cover the expected Agreement obligation costs prevailing at the time of adjustment. The new adjusted security amounts will be rounded off to the nearest One Thousand Dollars (\$1,000.00) and will be computed by multiplying the original security amounts set forth herein by a ratio derived

from the Operators Price Index for All Commodities using a base of 1982 = 100, compiled and issued monthly by the U.S. Department of Labor's Bureau of Labor Statistics.

## 23. LIMITATION ON WARRANTY

23.1 Commission is considered to be the owner of the oil and gas rights under the Premises but makes no warranty as to the presence of oil and gas or as to its ownership thereof. In the event of a determination by compromise or by a final judgment of a court of competent jurisdiction that Commission does not have title to all or part of the oil and gas rights on the Premises, Operator shall pay Commission royalties thereafter accruing in proportion to Commission's ownership. Any sums of money previously paid pursuant to the terms of the Agreement shall not be reimbursable to Producer, except as hereinafter provided in this paragraph. Commission agrees to defend its title and to pay any judgment against it by reason of being improperly paid. In the event of an adverse claim affecting title to all or a portion of the oil and gas rights under the Premises, notice of such claim will be given to Commission which may, with the approval of the Attorney General, enter into an escrow arrangement for future royalties accruing to such disputed portion under terms and conditions proper to safeguard the rights and interests of Commission. In the event an adverse claimant files suit against Commission or against Operator claiming title to all or a portion of the oil and gas rights under the Premises, or if Operator, after receiving notice of an adverse claim, institutes litigation in a court of competent jurisdiction to secure an adjudication of the validity of the claim, the royalties accruing to the litigated portion shall be placed in an escrow account until such time as the ownership of the disputed interest shall be determined by a court of competent jurisdiction. The royalties placed in escrow shall be refunded at the direction of the court in an amount proportionate to the outstanding title if it is finally determined by compromise or by a court of competent jurisdiction that all or part of such rights are not owned by Commission.

23.2 This limitation clause shall not apply to and shall not reduce the bonus payments previously made under this Agreement.

## 24. LAWS, RULES AND REGULATIONS

24.1 Nothing in this Agreement shall in any way be so construed as to impair the powers, privileges or duties of the Commonwealth, or its representatives, in the execution of the laws of the Commonwealth or the applicable rules and regulations promulgated thereunder, now in force or hereafter enacted or adopted.

24.2 Operator is solely responsible for obtaining any and all local, State or Federal permits or other approvals necessary for and associated with any of the operations related to this Agreement, and shall be held liable by the Commonwealth, any agency of the Commonwealth, or any other local or Federal authority for the violation or non-compliance of any relevant laws, rules and regulations.

## 25. FORCE MAJEURE

25.1 This Agreement shall not be terminated, in whole or in part, nor shall Operator be held liable for damages for failure to comply with express or implied covenants hereof if compliance, therewith, is prevented by or if such failure is the result of any Federal or State laws, executive orders, rules, or regulations whether valid or invalid, act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, or other act of nature, explosion, government action, government delay, restraint or inaction, unavailability of

equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension, nor was caused by said party.

25.2 If, at the end of the primary term, hereof, such term has not been extended by production or drilling as in the Agreement provided and Operator by reason of any of the above recited force majeure causes is unable to drill a well under the Premises for oil or gas, the primary terms and the delay in marketing and shut in provisions hereof, shall be extended automatically from year to year for a period not to exceed three (3) additional years unless further extension is approved by Commission and so long as Operator meets all requirements for payments of money and other obligations to Commission; provided, however, upon the removal of such delaying cause, Operator must commence operations within six (6) months after such removal. During any period that Operator is unable to produce and/or market any products from the Premises by reason of any of the above recited causes, this Agreement shall remain in full force and effect.

## 26. LIABILITY

26.1 Operator shall alone be liable and responsible for any pollution or other damage to any portion of the environment in or adjacent to the Premises which occurs as a result or consequence of Operator's drilling under the Premises or any drilling or surface disturbance associated with oil and gas development occurring in the vicinity of the Premises, regardless of whether or not such pollution or damage be due to negligence or to the inherent nature of Operator's operations, unless an independent intervening cause be found to be the sole proximate cause of the pollution or damage. In any action for civil damages brought under this paragraph, there shall be a presumption that, but for Operator's activities on or in the vicinity of the Premises, the pollution or other damage would not have occurred, it shall then be incumbent upon Operator to come forward with evidence to rebut this presumption. Any action for civil damages on account of such pollution brought by Commission against Operator shall not bar the Commonwealth from bringing other actions under the Clean Streams Law or other pertinent law, rule or regulation of the Commonwealth.

## 27. RIGHTS RESERVED BY COMMISSION

27.1 Commission reserves the right to use the Premises in any and all respects not specifically limited by the terms of this Agreement.

27.2 Commission reserves all minerals within the Premises other than oil, gas and liquid hydrocarbons and shall have the right to enter into a cooperative agreement for those mineral rights with third parties insofar as Commission is otherwise legally entitled to convey the same by agreement, subject to the provisions of this Agreement.

27.3 Any dispute between the parties hereto concerning surface use shall be resolved in favor of the interests of the Commonwealth.

## 28. APPLICABLE LAW

28.1 This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. Operator consents to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any

claim or defense that such forum is not convenient or proper. Operator agrees that any such court shall have in personam jurisdiction over it, and consents to service of process in any manner authorized by Pennsylvania law.

29. COMMISSION'S NAME

29.1 Operator shall not use Commission's name in advertising, promotional materials or press releases without the prior written consent of Commission.

30. MONITORING

30.1 Prior to drilling under the Premises or any drilling or surface disturbance associated with oil or gas development occurring within 2000 feet of the water resources on the Premises, including impoundments, ponds, streams, seeps, springs, wells and wetlands as identified during a site visit at such time as these surface features are visible (collectively referred to as "Water Resources"); Operator shall submit to Commission for approval a proposed monitoring plan that includes a map showing the coordinates of the Water Resources. The 2000-foot radius shall be expanded as needed to include all Water Resources that are hydrologically connected with the development area. Prior to drilling under the Premises or any drilling or surface disturbance associated with oil or gas development occurring within the specified distance of the Water Resources, Operator shall sample and test the Water Resources in accordance with Commission-approved monitoring plan and shall share the results with Commission. Operator shall submit all monitoring data to Commission in an Electronic Data Deliverable format specified by Commission. All sampling shall be performed by a qualified professional experienced and trained in the collection of environmental samples for physical, chemical and biological analysis in a manner consistent with the approved monitoring plan. Sample analysis shall be conducted by a DEP-certified laboratory.

30.2 In the event Commission obtains evidence to suspect a material adverse change in the quality and/or the quantity of the Water Resources during or after Operator's site development activities or drilling operations, Operator shall, upon notification by Commission, sample and test the Water Resources at Operator's expense in consultation with Commission. Should such a test reflect a material adverse change on the Water Resources as a result of Operator's site development activities or drilling operations, Operator shall, at its own expense, take all steps necessary to return in a timely manner the quality and/or the quantity of the Water Resources to pre-development/pre-drilling conditions.

31. CONSERVATION AND WATER PROTECTION

31.1 Operator shall carry out all operations under this Agreement with all due diligence and in a good and workmanlike manner, in accordance with the best and most up to date oil and gas practices.

31.2 When Operator's site development activities or drilling operations in the vicinity of the Premises cause damage to the watershed or pollution of the water resources, Operator agrees to repair such damage and to restore the watershed and the Water Resources to pre-development/pre-drilling conditions, to take such corrective measures to prevent further pollution or damage to the watershed as are deemed necessary by an authorized representative of Commission and to pay for any and all damage or destruction of property, fish and wildlife resulting therefrom. Operator agrees to pay the reasonable costs incurred by Commission in response to the damage or pollution incident.

31.3 The cost of said property, wildlife or fish destroyed shall be determined by the Pennsylvania Game Commission or Pennsylvania Fish and Boat Commission using recognized procedures to establish the value of damage.

31.4 Operator shall be responsible for the payment of any damages under this paragraph, which shall be mailed to the NGWA Program Coordinator in Harrisburg, Pennsylvania, labeled as to relevant Tract Number and made payable to Pennsylvania Fish and Boat Commission. Damages shall be paid within thirty (30) days of receiving an invoice from Commission.

## 32. DISPUTE RESOLUTION

32.1 In the event that Operator wishes to dispute a decision made by Commission, the following procedure shall be used:

(a) Operator shall notify Commission in writing of decision in dispute and provide Commission with Operator's position on the issue, along with all appropriate supporting documentation.

(b) Within ten (10) business days from the date of Commission's receipt of Operator's written notice of the dispute, Commission shall fix a time and place for a conference with Operator to discuss the disputed decision.

(c) The conference shall be held within thirty (30) days of Commission's receipt of Operator's written notice of the dispute, unless Commission and Operator agree to an extension of time for the conference.

(d) At such conference, the NGWA Coordinator or his/her representative shall represent Commission.

(e) Commission may continue the conference if supplemental data, maps or other information are required to evaluate the basis for Operator's objections, if further review is needed to ascertain whether a mutually agreed upon settlement is consistent with the terms of the Agreement, or if all parties to the conference agree that a continuance is beneficial to the resolution of the objection.

(f) Any agreement(s) reached at the conclusion of the conference or follow-up discussions shall be consistent with the provisions of this Agreement. A record of such agreement(s) shall be documented in writing by Commission, copies of which shall be provided to Operator and all other parties involved.

32.2 In the event that a party is dissatisfied with the decision(s) made as a result of the dispute resolution conference, it may submit the dispute to an appropriate forum, including a court, for further consideration or review. Any judicial review or court action shall be de novo.

## 33. NOTICE

33.1 To have proper effect, any notice, report or request sent pursuant to and in accordance with this Agreement shall be sent to the following addresses:

Operator: Range Resources – Appalachia, LLC  
P.O. Box 30  
Canonsburg, Pennsylvania 15317

Commission: NGWA Program Coordinator  
Office of Administration  
Pennsylvania Fish and Boat Commission  
P.O. Box 67000  
Harrisburg, PA 17106-7000

34. HEADINGS

34.1 The paragraph headings herein are for reference only and are not intended to have any legal force or effect.

35. INTERPRETATION

35.1 In case of ambiguity, the Agreement shall always be construed in favor of Commission and against Operator.

36. BINDING EFFECT

36.1 This Agreement shall be legally binding upon and insure to the benefit of the parties hereto and their respective successors and permitted assigns.

37. CHEMICAL COMPOSITION OF HYDRAULIC FRACTURING FLUID

37.1 Operator shall disclose to Commission the hydraulic fracturing fluid product component information for any well used to produce oil and gas from the Premises thirty (30) days prior to the fracture stimulation of the well. This information shall be broken down by trade name, supplier, purpose, ingredients, chemical abstract service number (CAS #), maximum ingredient concentration in additive (% by mass) and maximum ingredient concentration in hydraulic fracturing fluid (% by mass).

38. BOARD APPROVAL

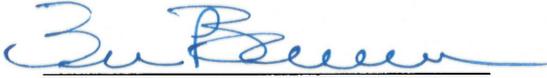
38.1 This Agreement is contingent upon approval by the Commission's Board by April 30, 2012.

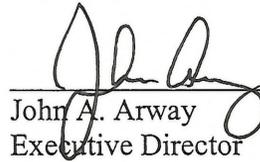
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IN WITNESS WHEREOF, Commission and Operator have caused this agreement to be duly executed and have caused their seals to be hereto affixed and attached by their proper officers, all hereunto duly authorized, on the date first above written.

ATTEST:

COMMONWEALTH OF PENNSYLVANIA  
PA FISH AND BOAT COMMISSION

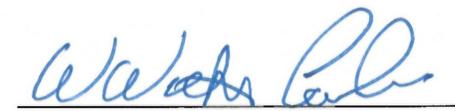


 13 Apr 2012  
John A. Arway  
Executive Director

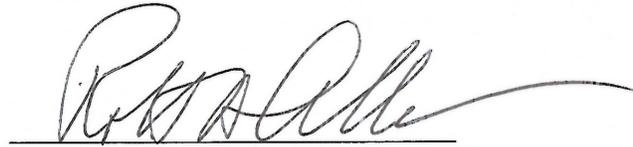
ATTEST:

RANGE RESOURCES-APPALACHIA, LLC



  
By: W. Worth Carlin  
Its: Vice President, Land – Marcellus Shale 

APPROVED AS TO LEGALITY AND FORM:

  
OFFICE OF ATTORNEY GENERAL

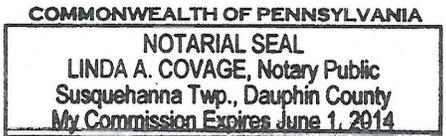
 4/13/12  
CHIEF/ASSISTANT COUNSEL

COMMONWEALTH OF PENNSYLVANIA :  
: SS.  
COUNTY OF DAUPHIN :

On this the 13<sup>th</sup> day of APRIL, 2012 before me, the undersigned officer personally appeared, who acknowledged himself to be Executive Director of the Pennsylvania Fish and Boat Commission or his designee and that as such, Executive Director or designee of the Pennsylvania Fish and Boat Commission, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing his name as JOHN ARWAY, Executive Director or designee.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Linda A. Covage  
Notary Public



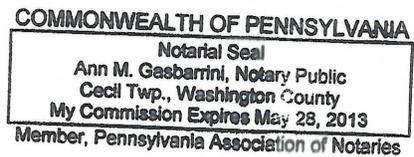
My Commission Expires:

STATE OF Pennsylvania :  
: SS.  
COUNTY OF Washington :

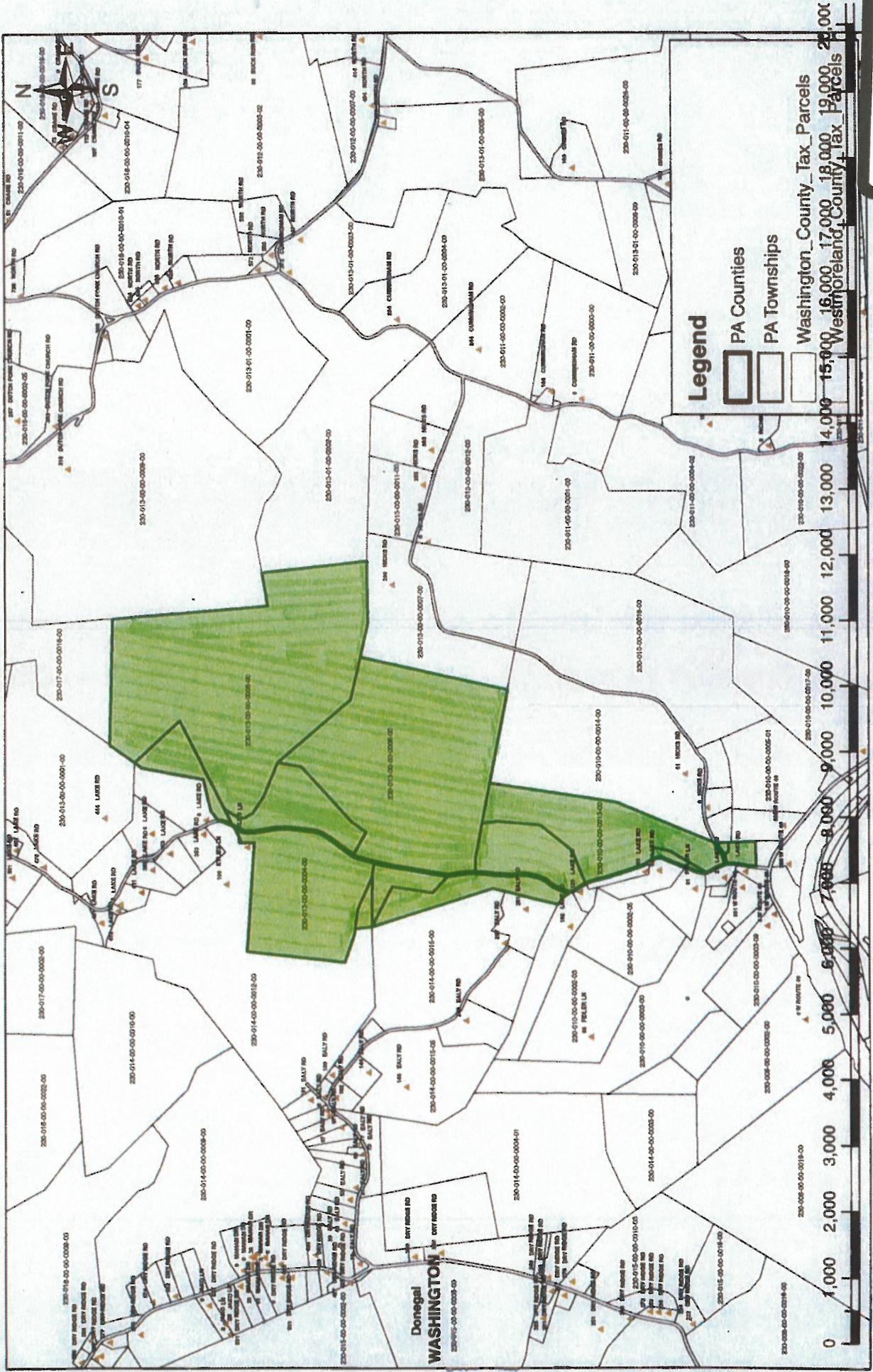
On this, the 10<sup>th</sup> day of April, 2012, before me, a Notary Public, the undersigned officer, personally appeared W. Worth Carlin, who acknowledged himself to be the Vice President Land, Marcellus shale of Range Resources – Appalachia, LLC, and that as such Vice President Land, Marcellus shale, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of Range Resources Appalachia, LLC by himself as Vice President-Land, Marcellus shale.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Ann M. Gasbarrini  
Notary Public



My Commission Expires: May 28, 2013



1+ acres

EXHIBIT "A"