PFBC 2014-1103.01

NON-SURFACE USE OIL AND GAS COOPERATIVE AGREEMENT

(Glade Run Lake)

This agreement made and entered into this 4th day of December, 20 14 ("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, PA 17110, hereinafter referred to as "Commission" and **R.E. Gas Development, LLC,** a Delaware limited liability company, with its principal address at 366 Walker Drive, State College, PA 16801 and authorized to do business within the Commonwealth of Pennsylvania, hereinafter referred to as "Producer."

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 146.23 acres, more or less, of its property known as "Glade Run Lake" in Middlesex Township, Butler County, approximately shown in Exhibit A and more particularly described in Exhibit B, both of which are 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 and authorized entering into a cooperative agreement for that purpose.

NOW, THEREFORE, in consideration of the sum of One Dollar ($1.00), paid by Producer 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 Producer for the purposes only of exploring, drilling, operating, producing, and removing of oil, gas and their constituents, whether hydrocarbon or non-hydrocarbon underlying the Premises, 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.

This Agreement grants subsurface contractual rights to explore, drill, operate, develop and extract oil and gas, and their constituents, whether hydrocarbon or non-hydrocarbon, underlying the Premises, and plug any well as required, and does not convey any surface or other subsurface rights associated with the Premises, except for seismic surveying purposes as permitted under Paragraph 12.

1. TERM

1.1 It is agreed that this Agreement shall remain in force for a term of four (4) years from the Effective Date ("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 in paying quantities from the Premises hereunder, or written approval from Commission is obtained at least thirty (30) days prior to the four

(4) year anniversary of the Effective Date of the Agreement, based upon Producer's bona fide attempts to secure or restore the production of oil or gas by conducting drilling or reworking operations on the Premises or be engaged in the abandonment or plugging of wells or removal of equipment therefrom. "Paying quantities" as used herein shall mean production paying in excess of Agreement 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 Producer of a fully executed copy of this Agreement, Producer 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 In the event a well drilled hereunder is a producing well and Producer is unable to market the production therefrom, or should production cease from a producing well drilled under the Premises, or should Producer desire to shut-in producing wells, Producer agrees to pay Commission annually, commencing on the date one (1) year from the completion of such producing well or the cessation of production, or the shutting in of producing wells, a shut-in payment in the amount of Fifty Dollars ($50.00) per net acre, provided no other well is producing on the Premises or lands pooled or unitized therewith. This shut-in payment shall continue on an annual basis, with no pro rata reimbursement, until production is marketed and sold off the Premises or such well is plugged and abandoned according to law.

3.2 A one-time, paid-up bonus payment for a Non-Surface Use Oil and Gas Cooperative Agreement will be due and payable to Commission within forty-five (45) days from the Effective Date of this Agreement. Said bonus payment is subject to title verification by Producer and will be set at Four Thousand Four hundred and no/100 Dollars ($4,400.00) per net acre of oil and gas rights owned by Commission, being approximately Six Hundred Forty-Three Thousand, Four Hundred Twelve Dollars ($643,412.00).

4. OIL ROYALTY

4.1 Producer shall pay to Commission, as royalty, Nineteen and One Half Percent (19.5%) of the field price per barrel (42 U.S. Gallons) at 60 degrees Fahrenheit produced and saved from the Premises for all oil, condensate and other liquid hydrocarbons of like grade and gravity which prevail in that area on the day such oil and other products are run into the pipeline or into storage tanks; the amount to be paid to Commission will be the Nineteen and One Half Percent (19.5%) royalty multiplied by the fractional interest held by Commission in the unit. There shall be no deductions for marketing or production costs.

4.2 If oil, condensate, and other liquid hydrocarbons, each in paying quantities, should be developed from the same well, then the oil and the condensate, and other liquid hydrocarbons shall be saved.

4.3 Producer 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. Producer shall provide tanks for accurately measuring the crude oil produced under this Agreement. Positive copies of one hundred percent (100%) capacity tank tables are to be furnished to Commission or other acceptable standards of measuring production.

5. GAS ROYALTY

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

5.2 Producer shall pay to Commission, as royalty, Nineteen and One Half Percent (19.5%) of the gross proceeds received by Producer for the sale of all natural gas, casinghead gas, or other gaseous substances or Nineteen and One Half Percent (19.5%) of the market value of all the natural gas, casinghead gas, or other gaseous substances of like quality from each gas well drilled under the Premises or on lands unitized therewith, whichever is greater. There shall be no deductions from the value of the Commission's royalty by reason of any required processing, cost of dehydration, compression, transportation, or other matter to market such gas.

6. PAYMENTS

6.1 Producer 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. Payments of royalties shall be made monthly within sixty (60) days after each monthly sales period.

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

6.3 Once it has been determined by Commission that Producer is in default in the payment of any sum of money payable under provisions of this Agreement for thirty (30) days, Commission shall notify Producer in writing. Producer shall have thirty (30) days from date of notice to respond or cure said notice. If Producer fails to respond or cure, then Producer agrees to pay an additional twelve percent (12%) 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, Producer shall commence a well ("First Well") on unitized acreage containing a portion of the Premises within 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 Producer 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 Producer associated therewith.

8. SUBSEQUENT WELLS

8.1 If the First Well drilled by Producer 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, Producer shall drill an additional well on a unit containing a portion of the Premises as would be drilled by a reasonable prudent operator acting under the same or similar circumstances. If an additional well is expected to return the investment and operating costs during the productive life of the well to its economic limit by Producer, it must be commenced no later than twenty four (24) months after the end of the Primary Term of this Agreement; provided, however, that if Producer concludes that an additional well is not justified, Producer 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, Producer shall have the option of drilling an additional well within twelve (12) 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 Producer 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.

9. DEVELOPMENT

9.1 Subject to Paragraphs 8.2 and 8.3 (Subsequent Wells), Producer 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.

9.2 If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises, but Producer 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 sixty (60) 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, reworking, recompleting, deepening, plugging back, or repairing of a well in search of or in the endeavor to obtain production of oil or gas.

10. OFFSETS RESERVED.

11. UNITIZATION

11.1 It is understood that this Agreement is being made for the purpose of permitting Producer 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.

11.2 Producer 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 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 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. No pooled or consolidated unit shall exceed six hundred forty (640) acres, plus a ten percent tolerance, without the prior written consent of Commission, which shall not to be unreasonably withheld or delayed.

11.3 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 Producer is the owner of the off-lease property.

11.4 Upon production from any part of any such unit, Commission shall be entitled to and Producer 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 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.

12. SEISMIC SURVEYS

12.1 Producer, its agents, contractors and subcontractors and employees of contractors and subcontractors shall have the right to conduct seismic surveys over and across the Premises, provided such seismic surveys are for the exclusive benefit of Producer, its successors and assigns and are not for a third party sale. Prior to conducting any seismic work on the Premises, Producer 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, Producer's plans for seismic activities on the Premises. When Producer's seismic lines cross Commission lands not under agreement with Producer, Producer 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. Producer agrees that seismic surveys will not be conducted on the Premises during the first two (2) 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 Producer during regular business hours. Commission hereby agrees that none of the seismic information examined by Commission's staff will be copied or taken from Producer's premises without the express written permission of Producer.

13. WELL RECORDS, LOGS AND REPORTS

13.1 Within thirty (30) days of written request by Commission, Producer 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, Producer 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 Producer 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.* Producer 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 Producer consents or Commission is directed to do so pursuant to a court order. Commission shall notify Producer of any request received for such records.

15. AUDITS

15.1 Producer grants to Commission the right to examine, audit, or inspect books, records, and accounts of Producer 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. Commission agrees to provide Producer with at

least thirty (30) days written notice prior to conducting any audits in accordance with this provision. Said audits shall occur at Producer's offices at Commission's sole expense and shall be limited to those records relating to wells drilled pursuant to this Agreement for any calendar year within the twenty-four (24) month period following the end of such calendar year. Said audits shall not be conducted more than twice each year. Producer agrees to provide every aid to enable such audit to be made by Commission. If such audit should reveal any gross error or fraud by Producer in payment of royalties, then Producer shall pay the cost and expense of the audit together with the deficiency.

16. RELEASE

16.1 Producer 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 Producer'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.

17. COMMISSION'S TERMINATION

17.1 In the event Commission considers Producer has not complied with its express or implied obligations hereunder, Commission shall notify Producer in writing, indicating specifically what Producer allegedly has breached. Producer 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 Producer 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 Producer.

17.2 If, after expiration of the time periods set forth in this paragraph, Producer 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 Producer shall have a right to appeal, challenge or otherwise object in any appropriate court of forum to the matter at issue.

18. PRODUCER'S TERMINATION

18.1 Producer may at any time, or from time to time, surrender this Agreement or any portion thereof if Producer 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 Producer has performed all commitments with which Producer 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 Producer for return to Producer. 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, Producer shall be entitled to retain that drainage acreage attributable to each well as previously provided under Paragraph 8 (Subsequent Wells). Producer shall deliver to Commission a release or releases in duly recordable form approved by Commission. Producer 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 Producer shall not be relieved of any obligation which accrues prior to such surrender even if the result caused by Producer'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 Producer 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 Producer 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. Producer 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 Producer. 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, Producer 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 Producer 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, Producer shall be liable for enforcing all the provisions of this Agreement. Although Commission recognizes a right of Producer to farmout its Premises or portions thereof from time-to-time, Commission will hold Producer solely responsible for the enforcement of all the provisions of this Agreement.

21. RELATED AGREEMENTS

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

22. PERFORMANCE SECURITY

22.1 Within forty-five (45) days of the Effective Date of this Agreement, Producer 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 Producer 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 Producer or Producer'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 Producer 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 Producers 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, Producer 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. 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 Producer claiming title to all or a portion of the oil and gas rights under the Premises, or if Producer, 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, delay in marketing or shut-in payments payable 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 Producer 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 Producer 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 Producer 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 Term 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 Producer meets all requirements for payments of money and other obligations to Commission; provided, however, upon the removal of such delaying cause, Producer

must commence operations within six (6) months after such removal. During any period that Producer 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 Producer 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 Producer'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 Producer'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 Producer'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 Producer to come forward with evidence to rebut this presumption. Any action for civil damages on account of such pollution brought by Commission against Producer 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. Producer 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. Producer 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 Producer 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 two thousand (2,000) 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"), Producer shall submit to Commission for approval a proposed monitoring plan that includes a map showing the coordinates of the Water Resources. 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, Producer shall sample and test the Water Resources in accordance with Commission-approved monitoring plan and shall share the results with Commission. Producer 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 Producer's site development activities or drilling operations, Producer shall, upon notification by Commission, sample and test the Water Resources at Producer's expense in consultation with Commission. Should such a test reflect a material adverse change on the Water Resources as a result of Producer's site development activities or drilling operations, Producer 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 Producer 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 Producer's site development activities or drilling operations in the vicinity of the Premises cause damage to the watershed or pollution of the water resources, Producer 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. Producer 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 Producer 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 Producer wishes to dispute a decision made by Commission, the following procedure shall be used:

(a) Producer shall notify Commission in writing of decision in dispute and provide Commission with Producer'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 Producer's written notice of the dispute, Commission shall fix a time and place for a conference with Producer to discuss the disputed decision.

(c) The conference shall be held within thirty (30) days of Commission's receipt of Producer's written notice of the dispute, unless Commission and Producer 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 Producer'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 Producer 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:

Producer: R.E. Gas Development, LLC
366 Walker Drive
State College, Pa 16801
Attn: VP, Land

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. NO SURFACE ACCESS

35.1 It is expressly understood that this Agreement does not grant Producer any rights to surface access for the purpose of exploring, drilling, operating, producing or removing oil, gas and liquid hydrocarbons from the Premises, except as provided in Paragraph 12 relating to seismic surveys.

36. INTERPRETATION

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

37. BINDING EFFECT

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

38. CHEMICAL COMPOSITION OF HYDRAULIC FRACTURING FLUID

38.1 Producer 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 completion 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).

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, Commission and Producer 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:

11/13/14

COMMONWEALTH OF PENNSYLVANIA
PA FISH AND BOAT COMMISSION

12 Nov 2014

John A. Arway
Executive Director

ATTEST:

Jennifer L. McDonough
SVP, General Counsel and Secretary.

R.E. Gas Development, LLC

By:
Name: Mary Ann Fox
Title: Vice President, Land

APPROVED AS TO LEGALITY AND FORM:

12/4/14

OFFICE OF ATTORNEY GENERAL

11/6/14

CHIEF/~~ASSISTANT~~ COUNSEL

COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF DAUPHIN :

On this the 12th day of NOVEMBER, 2014 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:

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
LINDA A. COVAGE, Notary Public
Susquehanna Township, Dauphin County
My Commission Expires June 1, 2018

CORPORATE ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF CENTRE)

On this 27 day of October, 2014, before me, the undersigned officer, personally appeared Mary Ann Fox, who acknowledged herself to be the Vice President, Land of R.E. Gas Development, LLC, a Delaware limited liability company, and that she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company by herself as such officer.

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

Notary Public

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Raymond A. Gully, Notary Public
College Twp., Centre County
My Commission Expires October 01, 2016

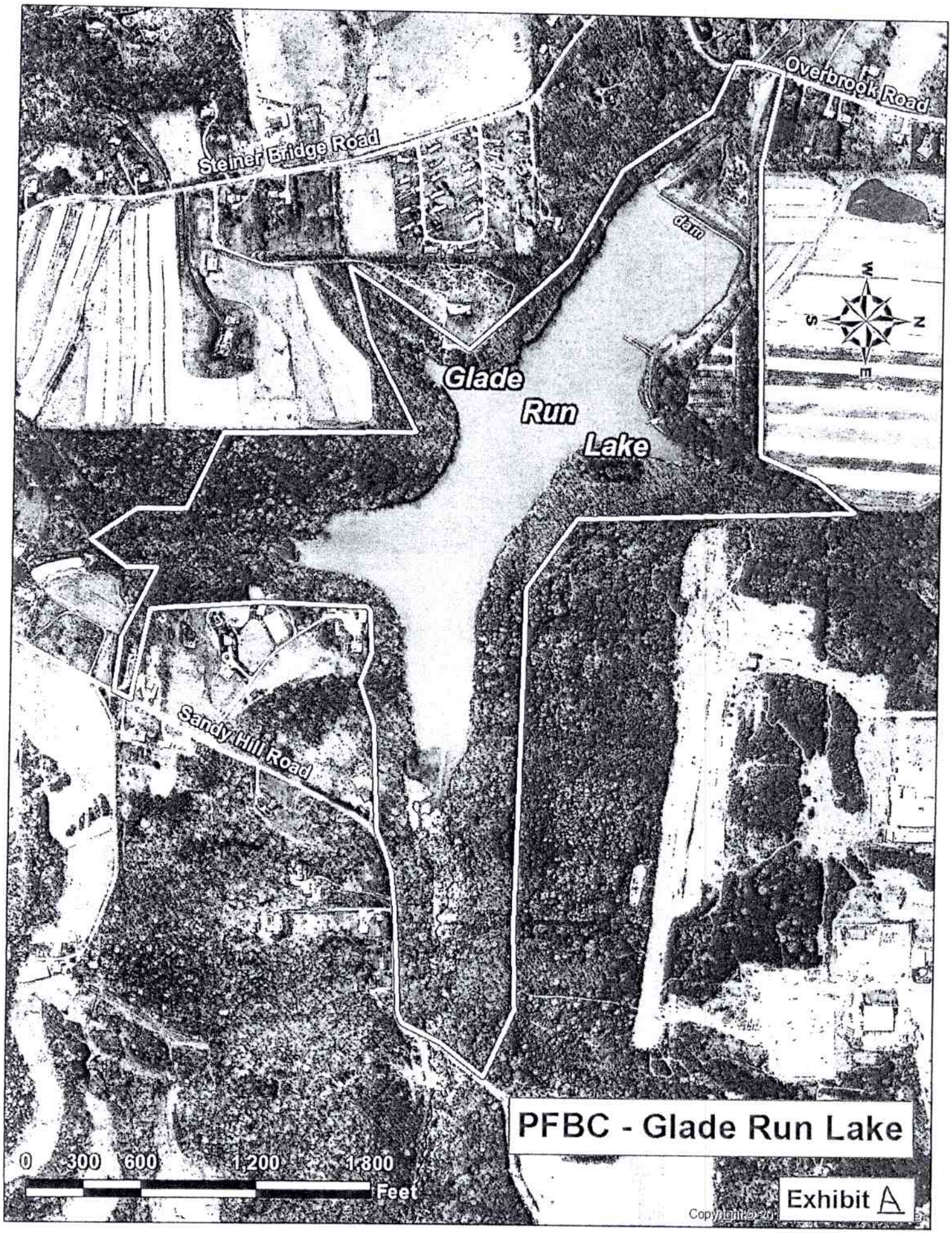
Overbrook Road
Steiner Bridge Road
dam
W
S
N
E
Glade
Run
Lake
Sandy Hill Road
PFBC - Glade Run Lake
0 300 600 1,200 1,800
Feet
Exhibit A

EXHIBIT "B"

This Exhibit "**B**" is attached to and made a part of that certain **NON-SURFACE USE OIL AND GAS COOPERATIVE AGREEMENT** by and between the **COMMONWEALTH OF PENNSYLVANIA, acting through the PENNSYLVANIA FISH AND BOAT COMMISSION** with a mailing address of **1601 Elmerton Avenue, Harrisburg, PA 17110,** as "Commission" (whether one or more) and **R.E. Gas Development, LLC**, a Delaware limited liability company, with its principal address at 366 Walker Drive, State College, PA 16801, as "Producer."

Tract # 1
Being Tax Parcel Number **230-2F77-3A**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F75-31; 33A; 31A**

On the East by lands of: **230-2F77-4E; 3; 3C; 3B; 3BA**

On the South by lands of: **230-2F77-12; 12A; 12D**

On the West by lands of: **230-2F77-2B; 2DB**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **50.557** acres, more or less, and being the property described in Deed Volume **659**, Page **390** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 2
Being Tax Parcel Number **230-2F75-34A**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F75-27A**

On the East by lands of: **230-2F75-33A**

On the South by lands of: **230-S8-B2**

On the West by lands of: **230-S8-B1; B2; Overbrook Road**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **3.4** acres, more or less, and being the property described in Deed Volume **659**, Page **400** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 3
Being Tax Parcel Number **230-2F77-4B**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F75-31; 32B**

On the East by lands of: **230-2F77-5A**

On the South by lands of: **Sandy Hill Rd**

On the West by lands of: **230-2F77-4A1**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **7.62** acres, more or less, and being the property described in Deed Volume **660**, Page **87** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 4
Being Tax Parcel Number **230-2F75-33A**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F75-27B; 30A**

On the East by lands of: **230-2F75-31; 31A**

On the South by lands of: **230-2F77-2B; 3A**

On the West by lands of: **230-2F75-33; 34A**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **46.11** acres, more or less, and being the property described in Deed Volume **660**, Page **159** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 5
Being Tax Parcel Number **230-2F77-12A**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F77-3A**

On the East by lands of: **230-2F77-12**

On the South by lands of: **230-2F77-12**

On the West by lands of: **230-2F77-12D**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **2.29** acres, more or less, and being the property described in Deed Volume **660**, Page **415** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 6
Being Tax Parcel Number **230-2F75-27A**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-S13-A21**

On the East by lands of: **230-2F75-33A**

On the South by lands of: **230-2F75-34A**

On the West by lands of: **Overbrook Rd**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **1.80** acres, more or less, and being the property described in Deed Volume **661**, Page 7 or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 7
Being Tax Parcel Number **230-2F77-4A1**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F75-31**

On the East by lands of: **230-2F77-4B**

On the South by lands of: **Sandy Hill Rd**

On the West by lands of: **230-2F77-4E**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **4.09** acres, more or less, and being the property described in Deed Volume **661**, Page **20** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 8
Being Tax Parcel Number **230-2F77-4E**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F75-31**

On the East by lands of: **230-2F77-4A1**

On the South by lands of: **230-2F77-4; Sandy Hill Road**

On the West by lands of: **230-2F77-3A**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **12.26** acres, more or less, and being the property described in Deed Volume **661**, Page **130** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 9
Being Tax Parcel Number **230-2F75-30A**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F75-27B**

On the East by lands of: **230-2F75-31; 31B**

On the South by lands of: **230-2F75-33A**

On the West by lands of: **230-2F75-27B**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **2.08** acres, more or less, and being the property described in Deed Volume **662**, Page **197** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 10
Being Tax Parcel Number **230-2F75-31A**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F75-31**

On the East by lands of: **230-2F75-31**

On the South by lands of: **230-2F77-3A**

On the West by lands of: **230-2F75-33A**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **.04** acres, more or less, and being the property described in Deed Volume **663**, Page **502** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 11
Being Tax Parcel Number **230-2F77-2B**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F75-33A**

On the East by lands of: **230-2F77-3A**

On the South by lands of: **230-2F77-2DB**

On the West by lands of: **230-2F77-2DA**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **11.34** acres, more or less, and being the property described in Deed Volume **663**, Page **506** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 12
Being Tax Parcel Number **230-2F77-5A**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F77-5; 230-2F75-32B**

On the East by lands of: **Sandy Hill Rd**

On the South by lands of: **Sandy Hill Rd**

On the West by lands of: **230-2F77-4B**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **2.52** acres, more or less, and being the property described in Deed Volume **665**, Page **186** or Instrument # **n/a** of the **Butler** County Record of Deeds.

Tract # 13
Being Tax Parcel Number **230-2F77-3BA**, of **Middlesex** Township, Butler County, Pennsylvania, bounded substantially by lands now and\or formerly owned as follows:

On the North by lands of: **230-2F77-3B**

On the East by lands of: **Sandy Hill Rd**

On the South by lands of: **230-2F77-11; 12**

On the West by lands of: **230-2F77-3A**

being all the property owned by Commission or to which the Commission may have any rights in said Township/Block or adjoining Townships/Blocks, containing **.807** acres, more or less, and being the property described in Deed Volume **2442**, Page **104** or Instrument # **n/a** of the **Butler** County Record of Deeds.