

Commonwealth of Pennsylvania  
Department of Conservation and Natural Resources  
Bureau of Forestry, Minerals Division  
P.O. Box 8552  
Harrisburg, PA 17105-8552

**STREAMBED TRACT NO. 2038**

CONTRACT NO.  
M-2102038-04

**OIL AND GAS LEASE FOR PUBLICLY-OWNED STREAMBEDS**

This Lease, with an effective date of 23<sup>rd</sup> day of June, 2019 (“Effective Date”), is entered into by and between the Commonwealth of Pennsylvania (“Commonwealth”), acting through the Department of Conservation and Natural Resources (“Department” or “Lessor”), with a business address of 400 Market Street, 6<sup>th</sup> Floor, Rachel Carson State Office Building, Harrisburg, PA 17105, and EQT Production Company, with its principal place of business at 625 Liberty Avenue, Pittsburgh, PA 15222 (“Lessee”).

**WITNESSETH:**

**WHEREAS**, the Lessor is authorized pursuant to Section 302(a)(13) of the Conservation and Natural Resources Act, Act of June 28, 1995, P.L. 89, No. 18 (71 P.S. § 1340.302(a)(13)), to enter into agreements with owners or lessees of property or property rights located in the same area as land owned or leased by the Commonwealth for the protection, preservation or recovery of fuel, oil, natural gas or any other mineral deposits owned by the Commonwealth underlying those lands;

**WHEREAS**, the Lessee has entered into oil and gas leases on lands adjacent to and in the same area as land owned by the Commonwealth, which is described below in Section 1 of this Lease; and

**WHEREAS**, in order to properly develop and produce the oil and gas beneath, adjacent to, and near Tract No. 2038, the Department has determined that leasing this tract to allow oil and gas development in accordance with the provisions of this Lease is in the best interests of the Commonwealth and has authorized this Lease.

**NOW THEREFORE**, intending to be legally bound, the parties agree as follows:

**1. LEASED PREMISES**

**1.01** The Department hereby leases to the Lessee all that certain tract of land known as Tract No. 2038 containing approximately 40.60 acres, as shown on the map in Exhibit A and more particularly described in Exhibit B, both of which are attached hereto and made a part hereof, and referred to hereinafter as the “Leased Premises,” for the sole purposes of directionally drilling wells for the production and removal of oil, gas and liquid hydrocarbons beneath the Leased Premises. This Lease does not grant any right to withdraw water from or otherwise use the surface of the Leased Premises; nor does this Lease grant any natural gas storage rights, or rights to minerals other than the oil, gas and liquid hydrocarbons encountered.

## 2. LEASE TERM

**2.01** This Lease shall remain in force for a primary term of five (5) years from the Effective Date, 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 Leased Premises in accordance with the terms of this Lease, or as long as the Lessee demonstrates to the Department's satisfaction bona fide attempts to secure or restore the production of gas by conducting drilling, or reworking operations that include the Leased Premises.

**2.02** For purposes of this Lease, the phrase "paying quantities" shall be defined as a well associated with the Leased Premises that produces an annual average of at least one (1) thousand cubic feet per day (Mcf/day), which shall be calculated by dividing the well's total annual calendar year production in Mcf by 365 days. Paying quantities shall not apply within the same calendar year during which a well first begins producing after being completed and turned-to-line if that production does not average one Mcf/day. Paying quantities shall be satisfied as long as a minimum of one well associated with the Leased Premises meets the average production of one Mcf/day criteria.

**2.03** In the event that oil or gas is not being produced in paying quantities after the primary term of five (5) years from the Effective Date, this Lease shall automatically terminate in its entirety. The Lessee may seek a one-year extension of the Lease term by submitting a written request for an extension to the Department at least 180 days prior to the fifth anniversary date of this Lease. The Lease term will only be extended if the Department provides the Lessee with written notice of an extension prior to the fifth anniversary date of this Lease. An extension shall be granted only when the Department considers it to be in the best interests of the Commonwealth. As consideration for granting an extension, the Department may, in its sole discretion, modify any term of this Lease, including the royalty rate, and require the execution of a Replacement Lease.

## 3. LEASE RECORDING AND PUBLIC NOTICE

**3.01** As required by 21 P.S. §§ 351 and 444, within ninety (90) days following the receipt by the Lessee of a fully executed copy of this Lease, the Lessee shall record the Lease in the county or counties in which the Leased Premises lie, and also provide a copy of the recorded Lease to the Department that clearly shows the recorded reference data. Thereafter, the Department shall publish at least the following information in the *Pennsylvania Bulletin*:

- (a) Subject of this Lease;
- (b) General location of the Leased Premises;
- (c) Names of the Department and the Lessee; and
- (d) Recording reference data for this Lease.

## 4. RENTAL

**4.01** The Lessee shall pay to the Department a bonus rental payment of Four Thousand Dollars (\$4,000.00) per acre for the Leased Premises for the primary five-year term, for a total payment of One Hundred Sixty-Two Thousand Four Hundred Dollars (\$162,400.00). The Lessee shall provide this payment at the time the Lessee delivers to the Department signature pages of this Lease duly executed by the Lessee. The Department shall not deposit this payment until the Lease has been fully executed.

**4.02** The bonus rental payment provided to the Department as the consideration to obtain this Lease agreement is considered the full and complete payment for rentals due on the Leased Premises for the term of the Lease.

## **5. GAS ROYALTY**

**5.01** The Lessee shall install a discrete well meter for each well drilled on the Leased Premises to measure all natural gas, casinghead gas, or other gaseous substances, referred to collectively for purposes of this Lease as natural gas, produced by the Lessee. The Department will use this discrete well meter measurement for auditing purposes pursuant to Section 9 of this Lease. The Lessee shall ensure that all meters are maintained according to industry standards. Gang metering and comingled metering is expressly prohibited without the written permission of the Department.

**5.02** For purposes of this Lease, the term “fair market value” shall be defined as the first point of sale where the natural gas is transferred from the Lessee to a nonaffiliated third-party purchaser in an arms-length, commercially reasonable transaction free of all expenses of production and post-production expenses and deductions.

**5.03** The Lessee shall pay to the Department, as royalty, whichever is higher, Thirty-Five Cents (\$0.35) per thousand cubic feet (Mcf) or Twenty Percent (20%) of the fair market value, multiplied by the Department’s fractional interest for all natural gas, produced and measured from each natural gas well drilled on the Leased Premises, free of all expenses of production and post-production expenses and deductions. The Lessee’s obligation to pay royalties to the Department shall commence upon the date a well is placed into production, regardless of the Effective Date of this Lease. [Back-due royalty payments for any wells that were placed into production prior to the Effective Date of this Lease shall be paid within ninety (90) days of the Effective Date of this Lease.]

**5.04** There shall be no deductions from any royalty payment for any costs of post-production handling, including but not limited to compression, gathering, transportation, dehydration, and sweetening, processing, fuel use on or off the Leased Premises, or conditioning that may be necessary to deliver a marketable product, between the wellhead and the point of sale where “fair market value” is received, nor shall any such costs be construed to be a reduction to or included as a component of the fair market value defined in 5.02.

**5.05** Any sales of natural gas to any related parties, evidenced by but not limited to: stock ownership, affiliation, internal division, subsidiary, or any other common ownership, shall be considered for the purposes of royalty payments as if they were also the Lessee and those entities sales to actual third parties would provide the pricing basis for royalty calculation. The price received by the Lessee, or related party as previously described, in the first arms-length commercial sale to a third party or parties not related to the Lessee in any way except by contract shall be the price used for calculation of royalty due to the Department.

**5.06** The Department may, at its option, however, demand that the Lessee deliver to the credit of the Department, as royalty, free of cost, in the pipeline to which the Lessee may connect its wells, the equal Twenty Percent (20%) part of all marketable gas and other marketable gaseous substances produced and saved from the Leased Premises; the amount to be delivered to the Department will be the equal Twenty Percent (20%) part of the gas produced multiplied by the fractional interest held by the Department

in the oil and gas rights. The Lessee shall calculate and deliver a gas balancing statement on a quarterly basis to the Department in order to ensure that the Department receives its equal Twenty Percent (20%) share of the marketable gas production. Adjustments for overage or underage delivery of the Department's Twenty Percent (20%) royalty share shall be made by reducing or increasing future delivery gas volumes to the Department's account.

**5.07** The Lessee shall pay the Department for any natural gas that is flared from a well which is planned to produce gas from the Leased Premises. Payment shall be made for any gas flared beyond the initial twenty-four (24) hour period of flaring following well completion, and during any other time periods, unless the gas is flared in the case of an emergency. Gas volume shall be metered or determined by a method acceptable to the Department. The gas price to be used for the flaring royalty payment shall be based on the average NYMEX (New York Mercantile Exchange) price for natural gas for the month and year in which the well is flared.

## **6. ROYALTY ON OTHER WELL PRODUCTS - OIL, CONDENSATE, AND NATURAL GAS LIQUIDS**

**6.01** If oil, condensate, and natural gas liquids, each in paying quantities, should be produced from any natural gas well drilled on the Leased Premises, then said oil, condensate, and natural gas liquids shall be saved, and royalty shall be paid on said products, as described below.

**6.02** The Lessee shall provide tanks for accurately measuring and storing any oil and condensate produced from the Leased Premises that are normally tanked at the well site. The Lessee shall gauge, measure, sample, and test all petroleum and petroleum products in accordance with API Standard 2500, "Measuring, Sampling, and Testing Crude Oil," Second Edition, March 1961, as amended or updated, or another method consistent with industry standards prescribed, or approved, in writing by the Department. Observed gravity at the observed temperature shall be corrected to (API) gravity and volume at sixty degrees Fahrenheit (60° F) as per the American Society for Testing Materials and the Institute of Petroleum, "ASTM-IP petroleum measurement tables" (ASTM designation No. 1250; IP designation 200), as amended or updated, or another method consistent with industry standards prescribed, or approved, in writing by the Department.

**6.03** The Lessee shall pay to the Department, as royalty, Twenty Percent (20%) of the field price per barrel (42 U.S. Gallons) at 60° F, produced and saved from the Leased Premises for all oil and condensate of like grade and gravity that prevails in that area on the day such oil and condensate are run into the pipeline or into storage tanks; the amount to be paid to the Department will be the Twenty Percent (20%) royalty multiplied by the fractional interest held by the Department, free of all expenses of production and post-production expenses and deductions.

**6.04** If the natural gas is processed for the extraction of natural gas liquids, including but not limited to ethane, propane, butane, iso-butane, and pentane, by a third party under a percentage of proceeds contract, the Lessee shall pay to the Department, as royalty, Twenty Percent (20%) multiplied by the fractional interest held by the Department, times the natural gas liquid volumes attributable to the wellhead production pursuant to standard industry component based allocation methodology, regardless of the gallons of each product actually received by the Lessee or retained by the gas plant/processor, times the price received by the Lessee for each natural gas liquid processed. Royalty calculation described in this paragraph shall be free of all expenses of production and post-production expenses and deductions and shall comply with the restrictions and provisions defined in Paragraphs 5.04 and 5.05.

**6.05** Royalty on residue gas shall be computed by multiplying the royalty percentage times the residue volume attributable to the wellhead production pursuant to standard industry component based allocation methodology, regardless of the natural gas, oil, condensate, and natural gas liquids received by the Lessee or retained by the gas plant/processor, times the price received by the Lessee from the gas plant/processor. If the Lessee takes in kind possession of its residue gas and sells it, the price shall be the weighted average sales price as described under the royalty calculation as defined in Paragraph 5.03. Should the Lessee take in kind its share of oil, condensate, natural gas liquids, or other liquid hydrocarbons, the volume shall be multiplied by the price for each component which will be the weighted average sales price received in the first nonaffiliated third-party purchaser in an arms-length, commercially reasonable transaction free of all expenses of production and post-production expenses and deductions. The royalty calculation shall comply with the restrictions and provisions defined in Paragraphs 5.04 and 5.05.

## **7. PAYMENTS**

**7.01** The Lessee shall be held responsible for the payment of all rentals and royalties. Payments shall be mailed to:

Commonwealth of Pennsylvania  
Department of Conservation and Natural Resources  
Bureau of Forestry - Minerals Division  
P.O. Box 8552  
Harrisburg, PA 17105-8552

All checks shall be made payable to the Commonwealth of Pennsylvania. Payments of royalties shall be made monthly within ninety (90) days after the end of each monthly sales period. An alternate form of payment such as a wire transfer may be acceptable, but only in accordance with procedures pre-approved in writing by the Department.

**7.02** Within ninety (90) calendar days after the end of each monthly sales period, the Lessee shall submit a statement to the Department detailing the production and sale of gas and liquid products for each individual well associated with the Leased Premises. Such statements shall include, for each well, the gross wellhead volume as metered at the wellhead, the net royalty interest in the gas or liquid product attributable from the Leased Premises or any unit that includes a part of the Leased Premises, the average monthly sales price received for the gas and liquid products produced, the applicable royalty (*i.e.*, royalty rate or minimum price per Mcf) as established by this Lease, and the net royalty amount paid on each well.

**7.03** Once it has been determined by the Department that the Lessee is in default in the payment of any sum of money payable under provisions of this Lease for thirty (30) days, the Lessee shall pay an additional twelve percent (12%) annual interest on the overdue amount calculated from the time payment was originally due. Payment of such interest shall not waive the Lessee's duty to make timely payments under this Lease or limit the Department's remedies for the Lessee's failure to pay on time.

**7.04** Notwithstanding any joint venture or other similar type of agreement that the Lessee may have with third parties for the exploration and development of gas and liquid products, including the gas and liquid products granted under this Lease, the Lessee shall remain solely responsible for submitting

payment to the Department pursuant to this Lease. Fractional payment by multiple parties shall not occur unless the Department, in its sole discretion, determines that such payment is in the best interest of the Commonwealth and approves such payment in writing prior to the submission of any fractional payment. Acceptance by the Department of any such payment by other parties shall not waive the Lessee's duty to make timely payments under this Lease or limit the Department's remedies for the Lessee's failure to pay on time.

## **8. GAS MEASUREMENT**

**8.01** The volume of gas produced, saved, and marketed shall be measured according to American Gas Association (AGA) standards and Boyle's Law for the measurement of gas under varying pressures, and must meet the following requirements:

(a) The unit of volume for the purpose of measurement shall be one (1) cubic foot of gas at a temperature of sixty degrees Fahrenheit (60° F) and an absolute pressure of 14.73 pounds per square inch.

(b) The average absolute atmospheric pressure shall be assumed to be 14.4 pounds to the square inch, regardless of actual elevation or location of Point of Delivery above sea level or variations in such atmospheric pressure from time to time.

(c) The temperature of the gas passing the meters shall be determined by the continuous use of a recording thermometer so installed that it may properly record the temperature of the gas flowing through the meters. The arithmetic average of the temperature recorded each 24-hour day shall be used in computing gas volumes. If a recording thermometer is not installed, or if installed and not operating properly, an average flowing temperature of sixty degrees Fahrenheit (60° F) shall be used in computing gas volume.

(d) The specific gravity of the gas shall be determined by tests made by the use of an Edwards or Acme gravity balance, annually, or at such intervals as are found necessary in practice. Specific gravity so determined shall be used in computing gas volumes.

(e) The deviation of the natural gas from Boyle's Law shall be determined by tests annually or at such other shorter intervals as are found necessary in practice. The apparatus and the method to be used in making said test shall be in accordance with recommendations of the Natural Bureau of Standards of the Department of Commerce, or Report No. 3 of the Gas Measurement Committee of the American Gas Association, or any amendments thereof, or any other mutually agreed upon method. The results of such tests shall be used in computing the volume of gas delivered hereunder.

(f) Gas compositional analyses by chromatograph or other approved methods shall be completed as necessary or upon written request and within a timeframe specified by the Department, for the determination of gas composition, specific gravity and BTU content. A copy of the results of all such analyses shall be provided by the Lessee to the Department for its records upon the Department's written request for such.

(g) The following factors used in the calculation of produced gas volumes shall be provided to the Department, upon its request, if the information is not otherwise specified on the meter statements:

Basic orifice factor ( $F_b$ )  
Reynolds number factor ( $F_r$ )  
Expansion factor ( $Y$ )  
Pressure base factor ( $F_{pb}$ )  
Temperature base factor ( $F_{tb}$ )  
Flowing Temperature factor ( $F_{tf}$ )  
Specific gravity factor ( $F_g$ )  
Supercompressibility factor ( $F_{pv}$ )

## 9. AUDITS

**9.01** The Lessee shall furnish to the Department, at its request, the meter charts or other equivalent recordings of the production of each well associated with the Leased Premises. Such charts or other equivalent recordings shall accurately account for the total production of all natural gases and other hydrocarbon products produced from each individual well associated with the Leased Premises. The Lessee shall promptly furnish or secure for the Department any statements furnished to the Lessee by any person or corporation to whom the Lessee delivers for sale or transport any gas or other hydrocarbon products produced from the Leased Premises.

**9.02** The Lessee further authorizes and directs any person, association, company, partnership, corporation, or other entity to whom it sells or furnishes gas or liquid products produced from any well covered by this Lease to disclose and exhibit accounts and other instruments to representatives of the Department at the Department's request relating to the transactions involving payment to the Lessee, its heirs, administrators, executors, successors, and assigns gas or liquid products from wells covered by this Lease.

**9.03** The Department or the Department's designated representative shall have the right, at any time, to examine, audit, or inspect books, records, and accounts of the Lessee pertinent to the purpose of verifying the accuracy of the reports and statements furnished to the Department, and for verifying the amount of payments lawfully due under the terms of this Lease. The Lessee shall allow the Department or the Department's designated representative the right to make copies of any of the aforementioned records for the Department's own use. The Lessee shall provide every aid or facility to enable such audit to be made by the Department in as timely a manner as possible. If the audit finds a royalty underpayment of three percent (3%) or greater, or fraud by the Lessee, then the Lessee shall pay the cost and expense of the audit together with the deficiency and any interest applicable to any payment deficiency identified by the Department. In the case of fraud by the Lessee, such payments shall not preclude the Department in its discretion from terminating this Lease upon delivery to the Lessee of written notice of the Department's intention, or pursuing any other appropriate remedy.

## 10. RELATED AGREEMENTS

**10.01** Upon request by the Department for its own records and to protect its own interests, the Lessee shall furnish a copy of all agreements made, contracts entered into, and all letters or other

memoranda made by or provided to the Lessee, including, but not limited to, any agreements, contracts, letters or other memoranda that in any way concern the development, operation, sale of lease interests and/or sale of products related to this Lease. Any documents provided under this provision shall be deemed to be confidential for the life of this Lease unless the Department is directed to disclose these records by court order.

## **11. LIMITATION ON WARRANTY OF TITLE**

**11.01** The Commonwealth is considered to be the owner of the Leased Premises, which consists of the streambed to the low water mark and the subsurface estate, including gas liquid products. The Commonwealth's ownership derives from the historical use of the waterway in its ordinary condition as a highway for commerce over which trade and travel were conducted in the modes customary to the time of use. The Commonwealth makes no warranty as to the presence of oil and gas, nor 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 the Commonwealth does not have title to all or a portion of the Leased Premises, any sums of money previously paid pursuant to the terms of the Lease shall not be reimbursable to the Lessee, 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 Leased Premises, notice of such claim will be given to the Department which may enter into an escrow arrangement with the Lessee for future royalties accruing to such disputed portion under terms and conditions proper to safeguard the rights and interests of the Commonwealth. In the event an adverse claimant files suit against the Commonwealth or against the Lessee claiming title to all or a portion of the oil and gas rights under the Leased Premises, or if the Lessee, 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 interest-bearing 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 the interest-bearing escrow account 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 the Commonwealth.

**11.02** This proportionate reduction clause shall not apply to and shall not reduce the bonus payments or rents payable under Section 4 of this Lease.

## **12. LESSEE REPRESENTATIONS AND WARRANTIES**

The Lessee hereby represents and warrants as follows:

**12.01** The Lessee is duly organized and existing under the laws of the Commonwealth of Pennsylvania or is duly authorized to do business in the Commonwealth of Pennsylvania and has the power and authority to carry on its business as now conducted.

**12.02** The Lessee has the full power, authority and legal right to execute, deliver and comply with this Lease and has taken all actions necessary or appropriate for the execution and delivery of and compliance with this Lease. This Lease constitutes valid and legally binding obligations of the Lessee enforceable against the Lessee in accordance with its respective terms.



**12.03** The Lessee has not applied for or consented to the appointment of a receiver, conservator, trustee or liquidator for itself or any of its property; admitted in writing its inability to pay its debts as they mature; made a general assignment for the benefit of creditors; been adjudicated a bankrupt or insolvent or filed a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegation of a petition files against it in any proceeding under any such law; and no action has been taken by it for the purpose of effecting any of the foregoing. No order, judgment or decree has been entered by any court of competent jurisdiction approving a petition seeking reorganization of the Lessee or all or a substantial part of the assets of the Lessee, or appointing a receiver, conservator, sequestrator, trustee or liquidator of it or any of its property.

### **13. FINANCIAL SECURITY**

**13.01** Upon execution of this Lease the Lessee shall provide the Department with financial security in a form acceptable to the Department (*i.e.*, surety bond, irrevocable letter of credit with evergreen provision, bank certificate of deposit, *etc.*) for the principal sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) to assure faithful performance by the Lessee of the covenants of this Lease. The Lessee shall maintain such financial security in full force and effect during the term of this Lease.

**13.02** The Lessee shall advise the Department of the proposed cancellation of any financial security required by this Lease immediately upon receipt of notice by the Lessee of the proposed cancellation.

### **14. LESSEE LIABILITY**

**14.01** The Lessee shall be fully liable and responsible for any pollution or other damage to any portion of the environment in or adjacent to the Leased Premises that occurs as a result or consequence of Lessee's occupation and use of the Leased Premises, regardless of whether or not such pollution or damage is due to negligence or to the inherent nature of the Lessee's operations, unless an independent intervening cause is found to be the sole direct and proximate cause of the pollution or damage. In any action for civil damages brought under this Section, there shall be a presumption that, but for the Lessee's occupation and use of the Leased Premises, the pollution or other damage would not have occurred. It shall be incumbent upon the Lessee to come forward with evidence to rebut this presumption. Any action for civil damages on account of such pollution brought by the Department against the Lessee shall not bar the Department from bringing other actions under state or federal laws, rules, or regulations.

**14.02** The Department shall not be liable to the Lessee for any time during which the Leased Premises cannot be used.

### **15. POLLUTION LIABILITY INSURANCE**

**15.01** The Lessee shall, at its sole expense, provide and maintain in full force and effect during the term of this Lease such pollution liability insurance as shall protect the Commonwealth, the Lessee and its contractors, if any, from claims of environmental impairment and pollution that may arise during the execution of this Lease. The amount of pollution liability insurance shall be consistent with industry

standards, but not be less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate.

**15.02** The Lessee or its insurer shall be liable to the Department for any damage done to Commonwealth property as a result of the Lessee's operations.

**15.03** The Lessee shall provide the Department with a certificate of insurance for its pollution liability insurance demonstrating the above coverage prior to beginning its operations beneath the Leased Premises.

**15.04** The Lessee shall advise the Department of the cancellation of any insurance policy required by this Lease immediately upon receipt of notice by the Lessee of the cancellation and in no event later than the effective date of the cancellation.

## **16. NOTIFICATION**

**16.01** Oral and written communications with the Department shall be made to the Minerals Division within the Bureau of Forestry, unless otherwise indicated by the Department. Written communications shall be sent to the following address:

Chief, Minerals Division  
DCNR Bureau of Forestry  
P.O. Box 8552  
400 Market Street  
Harrisburg, PA 17105-8552

## **17. UNITIZATION AND UNIT AGREEMENTS**

**17.01** The parties acknowledge that the intent of this Lease is to allow for development, production and marketing of oil, natural gas and other liquid products underlying the Leased Premises from wells having surface locations on adjacent or nearby lands. The Lessee shall have the right to pool and consolidate this Lease, in whole or in part, or as to any subsurface geologic horizon, with lands or leases located adjacent to or in the immediate vicinity of the Leased Premises, provided that the Lessee obtains prior written approval of the unit from the Department.

**17.02** Prior to producing from any well associated with the Leased Premises, the Lessee shall submit to the Department for its review and approval the following items:

- (a) a declaration and notice of unit agreement;
- (b) a plat identifying the name of the unit, the boundaries of the unit, the well or wells planned to be included in the unit including a depiction of any horizontal laterals, the API number of each well in the unit, and the boundaries of ownership for all other parties included in the unit agreement;
- (c) a division of interest table that includes the name of the unit, the total number of acres in the unit, the lease number, lessor name, lessee name (correlated to the ownership parcels shown on the plat), lease date, number of acres for each lessee in the unit, percentage of each lessee's acreage based on

the total unit acreage, tax parcel identification number, deed recording information for each lease that is a part of the unit;

(d) the county(ies) and township(s) within which the unit is located;

(e) the producing zone(s) covered by the unit;

(f) a calculation showing the Department's net royalty interest for each well in the unit, based on the royalty provision section(s) specified in this Lease; and

(g) a GIS shape file or equivalent of the unit.

**17.03** Upon approval of the items listed in Section 17.02, above, the Department shall execute a ratification, that the Lessee shall record, within thirty (30) days of receipt of same, along with the entire declaration and notice of unit agreement at the applicable county courthouse. Said recordation shall occur prior to the commencement of production from any well within the unit. Within thirty (30) days after recording, the Lessee shall provide to the Department a complete, recorded copy of the ratification and declaration and notice of unit agreement for its records.

**17.04** Any subsequent amendment by the Lessee to the declaration and notice of unit agreement ratified by the Department shall be submitted to the Department for its review and approval, in accordance with the above paragraphs, prior to the execution of the amended declaration and notice of unit agreement.

**17.05** Upon production from any part of any unit involving the Leased Premises, the Department shall be entitled to, and the Lessee shall pay, royalties calculated as follows: the number of acres involving the Leased Premises shall be divided by the total number of acres within the unit, multiplied by the payment provision section(s) of this Lease as described in Sections 5 (Gas Royalty) and 6 (Royalty on Other Well Products) above.

**17.06** The Lessee's drilling or reworking operations upon a unit approved by the Department, or production of oil, natural gas or other liquid products from any part of a unit approved by the Department, shall be treated, for all purposes as operations upon or production from the Leased Premises, provided that the Lessee is the owner and/or operator of the unit.

**17.07** Should a unit be established pursuant to a valid spacing or integration order issued by the Pennsylvania Department of Environmental Protection ("DEP") or any other jurisdictional agency having such authority, the Department's approval shall not be required.

## **18. ASSIGNMENT OF LEASE**

**18.01** The Lessee shall not assign, farm out, sublet, sell, mortgage or otherwise transfer any interest or partial interest in this Lease without the prior written consent of the Department. The term "transfer" shall also be deemed to include: (1) the placing of any lien, pledge, security interest or encumbrance of any kind whatsoever on Lessee's interest or partial interest in this Lease; (2) any transfer by the Lessee that is deemed to occur by operation of law as a result of a merger or reorganization involving the Lessee; and (3) any sale of the Lessee's assets which includes a sale of the Lessee's interest or partial interest in this Lease. The Lessee shall make written application to the Department to obtain consent to a proposed assignment. The request shall include sufficient detail to allow the Department to

evaluate the viability of any party seeking to obtain an interest in the Lease, the interest to be transferred, and the relationship among the parties if more than one party will hold an interest in the Lease. If the Lessee assigns any interest or partial interest in this Lease without obtaining the prior written consent of the Department, the Department may terminate this Lease in its entirety at the Department's sole discretion.

**18.02** The Department's approval of a request for assignment shall be contingent upon satisfying the conditions set forth in this Lease and any additional conditions, including the amendment of any terms and conditions memorialized herein, necessary to ensure that the assignment is in the best interest of the Commonwealth.

**18.03** A party seeking to obtain an interest in this Lease must agree in writing to be bound by all the terms and provision of this Lease, as well as any additional requirements identified by the Department to ensure the assignment is in the best interest of the Commonwealth. This written agreement may require a three-party document wherein the third-party interest holder verifies that its interest will be subordinate to any public interest the Department maintains in its real property.

**18.04** When an assignment will result in multiple parties holding an interest in this Lease, all parties must agree in writing to be jointly and severally liable for compliance with the terms and provisions of this Lease and any additional requirements identified by the Department to ensure the assignment is in the best interest of the Commonwealth. The parties also must identify the party that will be responsible for operational activities on the Leased Premises (the "Operator Lessee"). The Operator Lessee shall be the point of contact with the Department for the purposes of notification and communication pursuant to this Lease. The Operator Lessee shall communicate with the other parties holding an interest in this Lease regarding any compliance matter raised by the Department.

**18.05** All lessees of record holding an interest in this Lease shall be responsible for providing the full performance security required by Section 13 (Financial Security) of this Lease.

**18.06** In the event more than one party holds an interest in this Lease and a party defaults on any of the covenants, conditions, or obligations of this Lease, as modified by the Department's consent to assignment, the Department, in its sole discretion, may hold all parties jointly liable for the default and may take action pursuant to this Lease, including termination, against all parties. In the alternative, the Department may hold one party severally liable and take action against that party while allowing the other parties to continue to operate under the Lease, if it is in the best interest of the Commonwealth to do so.

**18.07** The Department will release a lessee from responsibility and liability under this Lease upon the completion of the following: (1) approval by the Department of the assignment of all of the Lessee's interest in the Lease, (2) verification by the Department that the Lessee has fully complied with the Lease as of the date of release; and (3) assumption by the assignee(s) of responsibility for all the covenants, conditions, and obligations of this Lease, as modified by the Department's consent to assignment.

## **19. LAWS, RULES AND REGULATIONS**

**19.01** Nothing in this Lease shall be construed as impairing the powers, privileges or duties of the Commonwealth, or its representatives, in the execution of the laws of the Commonwealth or the United States or the applicable rules and regulations promulgated thereunder, now in force or hereafter enacted or adopted.

**19.02** The Lessee is solely responsible for complying with any and all local, state or federal requirements applicable to its activities, including obtaining permits or other approvals necessary for and associated with any of the operations related to this Lease, 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.

**19.03** This Lease does not provide any authority to withdraw surface or ground waters from the Leased Premises. To the extent the Lessee seeks to withdraw surface or ground waters from or in the vicinity of the Leased Premises, the Lessee shall strictly adhere to all rules, regulations and requirements governing the withdrawal and use of surface and ground waters, including but not limited to, those administered by the river basin commission, department or authority having designated jurisdiction over such withdrawal of the waters of the Commonwealth.

**19.04** This Lease does not constitute an estate or interest in submerged lands pursuant to Section 15 of the Dam Safety and Encroachment Act, act of November 26, 1978, P.L. 1375, No. 325, as amended, 32 P.S. § 693.15.

## **20. OPERATIONS**

**20.01** The Lessee shall carry on all operations under this Lease with all due diligence and in a good and workmanlike manner, in accordance with the best and most up-to-date gas field practices.

**20.02** The Department shall hold the Lessee liable for enforcing all the provisions of this Lease, regardless of whether any of the operations authorized by this Lease are conducted by the Lessee or the Lessee's contractors, subcontractors, consultants, or other agents or representatives.

## **21. WELL RECORDS, LOGS AND REPORTS**

**21.01** The Lessee shall keep a daily drilling record that describes the formations penetrated, the depth and volumes of water, gas, and liquid products found while drilling each well on the Leased Premises. An accurate well location plat and any other data that are acquired during the drilling and completion operations for each well, including but not limited to those items listed in Section 24 (Confidentiality), shall be provided to the Department within ninety (90) days of the data's collection, or upon oral or written request by the Department and within a timeframe specified by the Department. All above-described data shall be submitted in both hard-copy and digital forms. Digital well logs shall be submitted in .LAS format, or in another format requested or approved by the Department.

**21.02** Upon the Department's request, samples of all formations penetrated and parts of cores taken, accurately labeled with the API number of the well and depth interval of collection, shall be furnished to the Department at the Lessee's expense within one (1) year after completion of each well.

**21.03** If the Lessee collects rock samples including but not limited to whole rock core, parts of core, and cuttings from any well borehole(s) on the Leased Premises and no longer plans to retain the samples at its own or contracted storage facility, the Lessee must first offer said rock samples to the Department before their disposal or sale. The rock samples shall be accurately labeled with the API number of the well and depth interval of collection. The Department shall make arrangements for the collection and transport of the rock samples at its own expense.

**21.04** Upon written request and within a timeframe specified by the Department, the Lessee shall provide the Department with production and pressure test data, production and pressure decline curves, gas analysis data including BTU value determinations, gas gravity, water and waste disposal records, well stimulation and treatment records, maintenance records and reports, and/or any other data or records for any well(s) that the Department deems necessary to protect its interests.

## **22. CONFIDENTIALITY**

**22.01** Records that the Lessee provides to the Department 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.* Any trade secrets or confidential proprietary information contained in records submitted to the Department pursuant to this Lease shall be identified in writing or otherwise plainly identified as such. The Department shall maintain such records solely for use by the Commonwealth as provided below and shall not disclose such records to any third party unless the Lessee consents or the Department is directed to do so pursuant to a court order. The Department shall notify the Lessee of any request received for such records.

**22.02** The Department shall maintain the following well-related documents solely for use by the Commonwealth for a period of three years from the date the well is spud unless (1) the Lessee does not advise the Department that such records contain trade secrets or confidential proprietary information, (2) the Lessee does so advise the Department, but nevertheless consents to disclosure of the records, or (3) the Department is directed to disclose these records by court order:

- (a) all drill time logs
- (b) all electric well logs
- (c) all nuclear well logs
- (d) all acoustic or sonic well logs
- (e) all caliper or hole diameter measurement logs
- (f) all cement bond or integrity logs
- (g) all mud or geologic well logs
- (h) all dip measurement well logs
- (i) all well flow or production test data
- (j) all well completion data
- (k) all well fracturing and stimulation data
- (l) all well pressure tests or pressure data
- (m) all record of lost circulation zones and caving strata
- (n) all well casing records
- (o) all core analysis, mud log analysis
- (p) all well perforation records
- (q) all lithologic well logs
- (r) all written well history
- (s) all well cutting samples requested by the Department
- (t) drill stem tests and charts
- (u) formation water analysis
- (v) all wellbore diagrams
- (w) and any other geophysical well data not specifically named.

**22.03** The Department shall maintain the following well related documents solely for use by the Commonwealth for as long as such documents are useful to the Commonwealth unless (1) the Lessee does not advise the Department that such records contain trade secrets or confidential proprietary information, (2) the Lessee does so advise the Department, but nevertheless consents to disclosure of the records, or (3) the Department is directed to disclose these records by court order:

- (a) all raw preprocessed data on tapes, discs, or other storage devices
- (b) all processed data on tapes, discs, or other storage devices
- (c) all paper or reproducible copies of stacked pipelines data presentations
- (d) all paper or reproducible copies of migrated seismic data presentations
- (e) all paper or reproducible copies of relative amplitude seismic data presentations
- (f) all paper or reproducible copies of premigrated stacked seismic data presentations
- (g) all paper or reproducible copies of depth conversion seismic data presentations
- (h) all paper or reproducible copies of amplitude versus offset seismic data presentations
- (i) all paper or reproducible copies of any attribute seismic data presentations
- (j) all post plot shot point and receiver location maps
- (k) all time-depth conversion charts or calculations
- (l) all velocity charts and calculations
- (m) all sonic/acoustic well charts and data calculated from well logs
- (n) all synthetic seismograms
- (o) all seismic models for tuning and velocity variation
- (p) and all other incidental or miscellaneous seismic related data or presentations.

**22.04** The Department shall maintain the following well related documents solely for use by the Commonwealth for the life of the Lease unless (1) the Lessee does not advise the Department that such records contain trade secrets or confidential proprietary information, (2) the Lessee does so advise the Department, but nevertheless consents to disclosure of the records, or (3) the Department is directed to disclose these records by court order:

- (a) meter charts
- (b) all third party statements related to the Commonwealth's royalty volumes and payments
- (c) all internal account statements of the Lessee or third party related to the Commonwealth's royalty volumes and payments
- (d) all business books of the Lessee or third parties provided to the Commonwealth to substantiate the Commonwealth's royalty volumes and payments
- (e) all Lessee and third party contracts related to the Commonwealth's royalty volumes and payments
- (f) all production agreements between the Lessee and third parties related to the Commonwealth's royalty volumes and payments
- (g) all farmout agreements between the Lessee and third parties related to the Commonwealth's royalty volumes and payments
- (h) all purchase and sale agreements between the Lessee and potential purchaser of the Leased Premises
- (i) all agreements providing for areas of mutual interest between the Lessee and third parties
- (j) and all other business documents and agreements provided to the Commonwealth that the Lessee or a third party consider confidential trade secrets.

## **23. PLUGGING**

**23.01** The Lessee shall properly and effectively plug all wells associated with the Leased Premises before abandoning, in accordance with the DEP's requirements and all applicable state and federal laws, rules and regulations.

**23.02** A copy of the Certificate of Well Plugging showing the plugging procedure used and submitted to the DEP shall be supplied to the Minerals Division, Bureau of Forestry, for each plugged and/or abandoned well that is associated with the Leased Premises.

## **24. RELEASE**

**24.01** The Lessee shall not be granted a final release from the terms of this Lease until all records and reports and other data described above have been provided to the Department, all wells required by the DEP to be plugged have been plugged and plugging certificates provided, and all other terms of this Lease have been met.

## **25. FORCE MAJEURE**

**25.01** The Lessee shall notify the Department immediately by telephone and within ten (10) working days in writing of the date it becomes aware or reasonably should have become aware of the force majeure event impeding performance. The Lessee shall forfeit the right to obtain an extension of time for performance under this section if such notice is not provided. The written submission shall include all necessary documentation, as well as a notarized affidavit from an authorized representative of the Lessee specifying the reasons for the delay, the expected duration of the delay, and the efforts that have been made and are being made by the Lessee to mitigate the effects of the event and to minimize the length of the delay. The initial written submission may be supplemented within ten (10) working days of its submission.

**25.02** In the event that the Lessee is prevented from complying with any time limit imposed in this Lease solely because of a strike, fire, flood, act of God, or other circumstances beyond the Lessee's control and which the Lessee, by the exercise of all reasonable diligence, is unable to prevent, then the Lessee may petition the Department for an extension of time. An increase in the cost of performing the obligations set forth in this Lease shall not constitute circumstances beyond the Lessee's control. The Lessee's financial inability to comply with any of the obligations of this Lease shall not be grounds for any extension of time.

**25.03** The Department, in its sole discretion, shall decide whether to grant all or part of the extension requested on the basis of all documentation submitted by the Lessee and other information available to the Department. In the event of litigation related to the Lessee's failure to perform within the timeframe established by this Lease, the Lessee shall have the burden of proving that the Department's refusal to grant the requested extension was an abuse of discretion based upon the information then available to the Department.

## **26. DISPUTE RESOLUTION**

**26.01** In the event that the Lessee wishes to dispute a decision made by the Department, the following procedure shall be used:



- (a) The Lessee shall notify the Department in writing of the decision in dispute and provide the Department with the Lessee's position on the issue, along with all appropriate supporting documentation.
- (b) Within ten (10) business days from the date of the Department's receipt of the Lessee's written notice of the dispute, the Department shall fix a time and place for a conference with the Lessee to discuss the disputed decision.
- (c) The conference shall be held within thirty (30) days of the Department's receipt of the Lessee's written notice of the dispute, unless the parties agree to an extension of time for the conference.
- (d) At such conference, the Director of the Bureau of Forestry or his/her representative shall represent the Department.
- (e) The Department may continue the conference if supplemental data, maps or other information are required to evaluate the basis for the Lessee's objections, if further review is needed to ascertain whether a mutually agreed upon settlement is consistent with the terms of the Lease, 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 Lease. A record of such agreement(s) shall be documented in writing by the Department, copies of which shall be provided to the Lessee, the appropriate forest district office's Department representative, and all other parties involved.

**26.02** 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.

## **27. DEPARTMENT'S TERMINATION**

**27.01** If the Lessee fails or refuses to timely pay any rental or royalty due under the terms of this Lease, or violates or fails to perform any other term or condition of this Lease within thirty (30) calendar days after the Lessee's receipt of written notification from the Department of such refusal, violation or failure, the Department shall have the right to terminate the Lease. Upon termination, the Lessee shall immediately cease all activity on the Leased Premises, including any further removal of natural gas or liquid products from any completed wells associated with the Leased Premises, regardless of whether the wellhead is physically located off the Leased Premises.

## **28. LESSEE'S TERMINATION**

**28.01** The Lessee may terminate this Lease provided that the Lessee has properly plugged all wells associated with the Leased Premises and is not in default of any other obligations under this Lease. The Lessee shall submit written notice of the Lessee's intent to terminate the Lease to the Department at least thirty (30) calendar days prior to the intended date of termination, and shall certify that the Lessee

has plugged all wells associated with the Leased Premises and performed all other obligations required pursuant to the Lease. The annual rental payment made for the current year shall not be prorated or subject to claim by the Lessee for return to the Lessee as a result of the Lessee's early termination.

**29. COMMONWEALTH TERMS AND CONDITIONS**

**29.01** The Lessee shall comply with the Commonwealth Terms and Conditions, attached hereto in Exhibit C, and made a part hereof.

**30. HEADINGS**

**30.01** The paragraph headings herein are for reference only and shall not be used to construe the language of this Lease.

**31. SUCCESSORS AND ASSIGNS**

**31.01** This Lease shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns, provided the assignment has been approved in accordance with this Lease.

**32. INTERPRETATION**

**32.01** In case of ambiguity, the Lease shall always be construed in favor of the Lessor and against the Lessee.

**33. AMENDMENTS AND MODIFICATIONS**

**33.01** No alterations or variations to this Lease shall be valid unless made in writing and assigned by the parties. Amendments to this Lease shall be accomplished through a formal written document signed by the parties with the same formality as the original Lease.

**34. SEVERABILITY**

**34.01** The provisions of this Lease shall be severable. If any phrase, clause, sentence or provision of this Lease is declared to be contrary to the Constitution of Pennsylvania or of the United States or of the laws of the Commonwealth or the applicability thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this Lease and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby.

**35. NO WAIVER**

**35.01** Either party may elect not to enforce its rights and remedies under this Lease in the event of a breach by other parties of any term or condition of this Lease. In any event, the failure by either party to enforce its rights and remedies under this Lease shall not be construed as a waiver of any subsequent breach of the same or any other term or condition of this Lease.

### **36. INDEPENDENCE OF THE PARTIES**

**36.01** It is understood by and between the parties that nothing contained herein is intended to be construed to, in any respect, create or establish the relationship of partners between the Lessee and the Department, or as constituting the Department as the representative or general agent of the Lessee for any purpose whatsoever.

### **37. NOTICES**

**37.01** All notices and reports arising out of, or from, the provisions of this Lease shall be in writing, unless otherwise provided in a provision of this Lease, and given to the parties at the address provided under this Lease, either by regular mail, facsimile, e-mail or delivery in person.

### **38. INTEGRATION AND MERGER**

**38.01** This Lease, when executed, approved and delivered, shall constitute the final, complete and exclusive Lease between the parties containing all the terms and conditions agreed on by the parties. All representations, understandings, promises and agreements pertaining to the subject matter of this Lease made prior to or at the time this Lease is executed are superseded by this Lease unless specifically accepted by any other term or provision of this Lease. There are no conditions precedent to the performance of this Lease except as expressly set forth herein.

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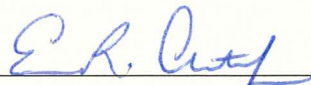
**IN WITNESS WHEREOF**, the parties have caused this Lease to be duly executed by their proper officers, all hereunto duly authorized, on the date first above written.

ATTEST:

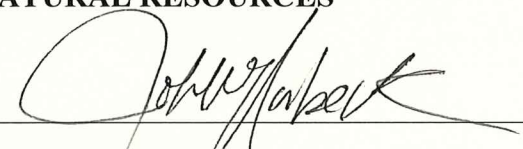
**EQT PRODUCTION COMPANY**

Federal Identification No.:


\_\_\_\_\_  
Name  
Title

  
\_\_\_\_\_  
NAME  
Title  
**Erin R. Centofanti**  
**Senior Vice President**  
**Asset Development**

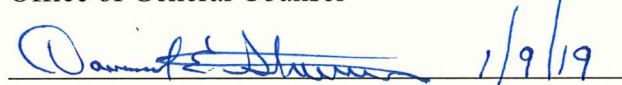
**COMMONWEALTH OF PENNSYLVANIA**  
**DEPARTMENT OF CONSERVATION AND**  
**NATURAL RESOURCES**

  
\_\_\_\_\_  
JOHN W. NORBECK  
Deputy Secretary for Parks and Forestry


APPROVED AS TO LEGALITY AND FORM:

  
\_\_\_\_\_  
Chief/Assistant Counsel  
Department of Conservation and Natural Resources SS

 7.20.18  
\_\_\_\_\_  
Office of General Counsel

 1/9/19  
\_\_\_\_\_  
Office of Attorney General

APPROVED:

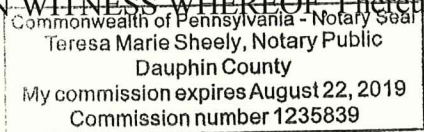
  
\_\_\_\_\_  
GOVERNOR OF PENNSYLVANIA

**ACKNOWLEDGMENT**

**COMMONWEALTH OF PENNSYLVANIA** :  
: **ss.**  
**COUNTY OF DAUPHIN** :

On this, the 22<sup>nd</sup> day of January, 2019, the foregoing instrument was acknowledged before me, the undersigned officer, by **John W. Norbeck**, who acknowledged himself to be the Deputy Secretary for Parks and Forestry of the Department of Conservation and Natural Resources, in the Commonwealth of Pennsylvania, and being authorized to do so, executed the foregoing instrument, in the capacity therein stated and for the purposes therein contained.

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



\_\_\_\_\_  
Notary Public

My Commission Expires: 8/22/19

**ACKNOWLEDGMENT**

Commonwealth of Pennsylvania :  
:ss.  
County of Washington :

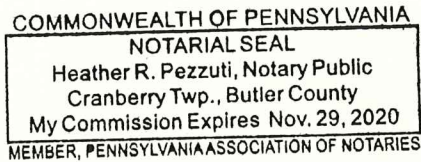
**ACKNOWLEDGMENT**

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, A Notary Public, the undersigned officer, personally appeared Erin R. Centofanti (Name), who acknowledged her/himself to be the Senior Vice President Asset Development (Position) of EQT Production Company (Company Name), and that s/he, as such Senior Vice President Asset Development (Position), being authorized to so do, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company by her/himself as Senior Vice President Asset Development (Position).

In Witness Whereof, I hereunto set my hand and official seal.

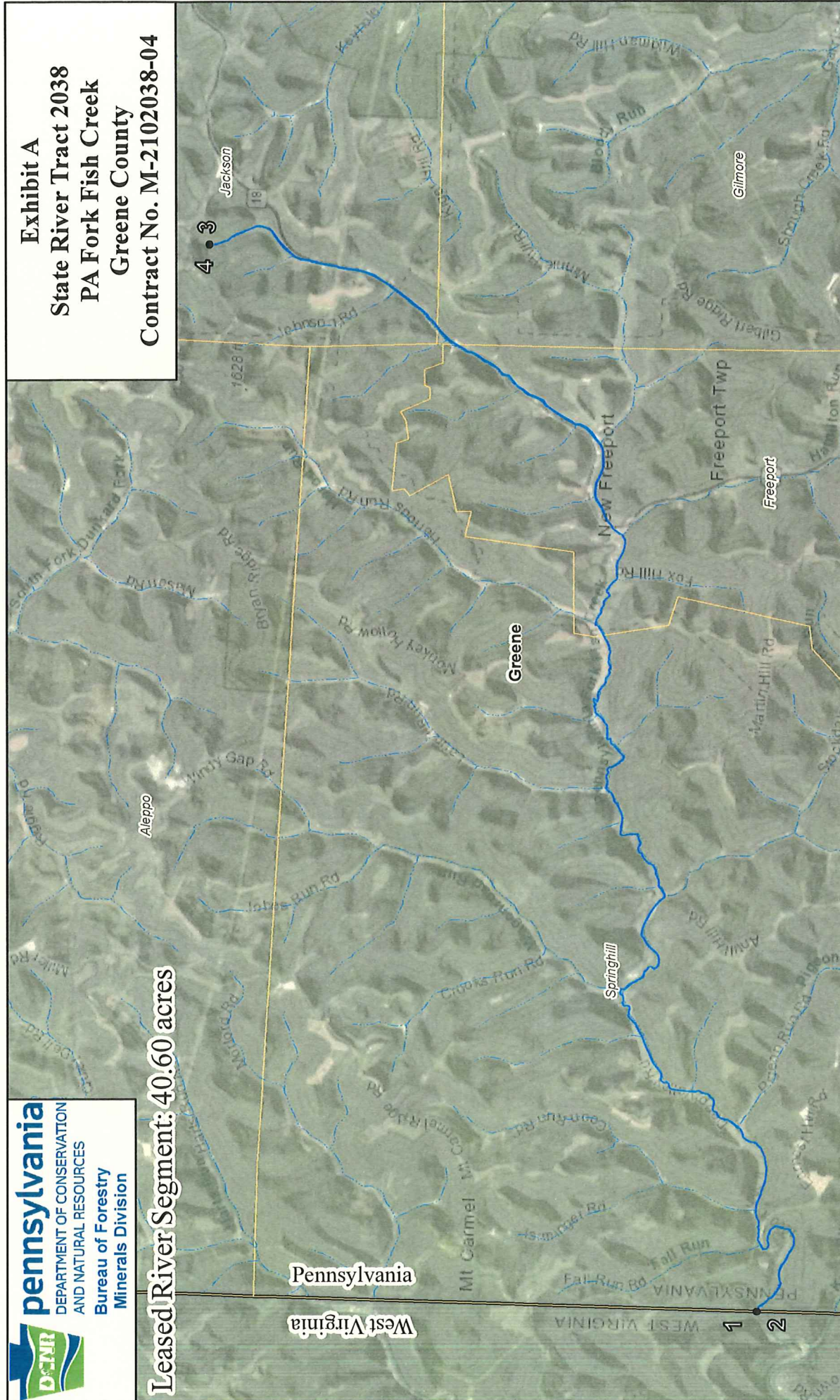
My Commission Expires: Nov. 29, 2020

Heather R. Pezzuti  
Notary Public



**Leased River Segment: 40.60 acres**




**Exhibit A**  
**State River Tract 2038**  
**PA Fork Fish Creek**  
**Greene County**  
**Contract No. M-2102038-04**



Latitude	Longitude
1 -80.519273	39.744278
2 -80.519273	39.744194
3 -80.391094	39.798804
4 -80.391213	39.798799

Coordinate System: NAD 1983 Lambert Conformal Conic  
Projection: Lambert Conformal Conic

The river boundaries were obtained from breaklines located at <http://www.pamap.dcnr.state.pa.us/>

- Bounding Coordinates  PA Municipalities
-  Leased River Segment  PA Counties

Scale: 0 0.5 1 1.5 2 Miles

Compass Rose: N, S, E, W

Date: 6/6/2018 Created By: KND

Increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, Esri User Community, Source: Esri, DigitalGlobe, GeoEye, USDA, USGS, AeroGRID, IGN, and the GIS User Community

**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES**

**Exhibit B**

**DESCRIPTION OF LEASED PREMISES FOR TRACT 2038**

Attached to and made a part of that certain Oil and Gas Lease, Streambed Tract 2038, Contract No. M-2102038-04, by and between: Commonwealth of Pennsylvania, Lessor, and EQT Production Company, Lessee.

The following parcel collectively containing approximately 40.60 acres of submerged lands lying within the bed of PA Fork Fish Creek between the ordinary low water marks in Greene County, Pennsylvania bounded and described as follows:

**Leased Parcel:**

Beginning at a point on the northwest bank of PA Fork Fish Creek located in Springhill Township, Greene County (latitude 39.744278, longitude -80.519273); thence crossing the creek to a point on the southeast bank of PA Fork Fish Creek (latitude 39.744194, longitude -80.519273); thence continuing eastward along the southeastern bank of PA Fork Fish Creek, continuing through Freeport and Gilmore Township, and crossing into Jackson Township, Greene County, to a point on the southeastern bank of PA Fork Fish Creek (latitude 39.798804, longitude -80.391094); thence crossing PA Fork Fish Creek to a point on the northwestern bank of said creek located in Jackson Township, Greene County (latitude 39.798799, longitude -80.391213); thence continuing westward to a point on the northwest bank of said creek, the place of beginning, containing approximately 40.60 acres.

All latitude and longitude coordinates cited above are in NAD 1983 Lambert Conformal Conic projection.



**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES**

**Exhibit C**

**Commonwealth Contract Terms and Conditions**

**1. COMMONWEALTH HELD HARMLESS**

- a. The Contractor shall hold the Commonwealth harmless from and indemnify the Commonwealth against any and all third party claims, demands and actions based upon or arising out of any activities performed by the Contractor and its employees and agents under this Contract, provided the Commonwealth gives Contractor prompt notice of any such claim of which it learns. Pursuant to the Commonwealth Attorneys Act (71 P.S. Section 732-101, et seq.), the Office of Attorney General (OAG) has the sole authority to represent the Commonwealth in actions brought against the Commonwealth. The OAG may, however, in its sole discretion and under such terms as it deems appropriate, delegate its right of defense. If OAG delegates the defense to the Contractor, the Commonwealth will cooperate with all reasonable requests of Contractor made in the defense of such suits.
- b. Notwithstanding the above, neither party shall enter into any settlement without the other party's written consent, which shall not be unreasonably withheld. The Commonwealth may, in its sole discretion, allow the Contractor to control the defense and any related settlement negotiations.

**2. NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE**

The Contractor agrees:

- a. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the contract or any subcontract, the Contractor, each subcontractor, or any person acting on behalf of the Contractor or subcontractor shall not discriminate by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the *Pennsylvania Human Relations Act* (PHRA) and applicable federal laws, against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
- b. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the PHRA and applicable federal laws, against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract.
- c. The Contractor and each subcontractor shall establish and maintain a written nondiscrimination and sexual harassment policy and shall inform their employees in writing of the policy. The policy must contain a provision that sexual harassment will not be tolerated and employees who practice it will be disciplined. Posting this Nondiscrimination/Sexual Harassment Clause conspicuously in easily-accessible and well-lighted places customarily frequented by employees and at or near where

the contracted services are performed shall satisfy this requirement for employees with an established work site.

- d. The Contractor and each subcontractor shall not discriminate by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of PHRA and applicable federal laws, against any subcontractor or supplier who is qualified to perform the work to which the contract relates.
- e. The Contractor and each subcontractor represents that it is presently in compliance with and will maintain compliance with all applicable federal, state, and local laws, regulations and policies relating to nondiscrimination and sexual harassment. The Contractor and each subcontractor further represents that it has filed a Standard Form 100 Employer Information Report (“EEO-1”) with the U.S. Equal Employment Opportunity Commission (“EEOC”) and shall file an annual EEO-1 report with the EEOC as required for employers’ subject to *Title VII of the Civil Rights Act of 1964*, as amended, that have 100 or more employees and employers that have federal government contracts or first-tier subcontracts and have 50 or more employees. The Contractor and each subcontractor shall, upon request and within the time periods requested by the Commonwealth, furnish all necessary employment documents and records, including EEO-1 reports, and permit access to their books, records, and accounts by the contracting agency and the Bureau of Diversity, Inclusion and Small Business Opportunities for purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause.
- f. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.
- g. The Contractor’s and each subcontractor’s obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor and each subcontractor shall have an obligation to inform the Commonwealth if, at any time during the term of the contract, it becomes aware of any actions or occurrences that would result in violation of these provisions.
- h. The Commonwealth may cancel or terminate the contract and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

### **3. CONTRACTOR INTEGRITY PROVISIONS**

It is essential that those who seek to contract with the Commonwealth of Pennsylvania (“Commonwealth”) observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the Commonwealth contracting and procurement process.

- a. DEFINITIONS. For purposes of these Contractor Integrity Provisions, the following terms shall have the meanings found in this Section:

- 1) "Affiliate" means two or more entities where (a) a parent entity owns more than fifty percent of the voting stock of each of the entities; or (b) a common shareholder or group of shareholders owns more than fifty percent of the voting stock of each of the entities; or (c) the entities have a common proprietor or general partner.
  - 2) "Consent" means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of the execution of this contract.
  - 3) "Contractor" means the individual or entity, that has entered into this contract with the Commonwealth.
  - 4) "Contractor Related Parties" means any affiliates of the Contractor and the Contractor's executive officers, Pennsylvania officers and directors, or owners of 5 percent or more interest in the Contractor.
  - 5) "Financial Interest" means either:
    - a) Ownership of more than a five percent interest in any business; or
    - b) Holding a position as an officer, director, trustee, partner, employee, or holding any position of management.
  - 6) "Gratuity" means tendering, giving, or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind. The exceptions set forth in the [\*Governor's Code of Conduct, Executive Order 1980-18\*](#), the *4 Pa. Code §7.153(b)*, shall apply.
  - 7) "Non-bid Basis" means a contract awarded or executed by the Commonwealth with Contractor without seeking bids or proposals from any other potential bidder or offeror.
- b. In furtherance of this policy, Contractor agrees to the following:
- 1) Contractor shall maintain the highest standards of honesty and integrity during the performance of this contract and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations, or other requirements applicable to Contractor or that govern contracting or procurement with the Commonwealth.
  - 2) Contractor shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to the Contractor activity with the Commonwealth and Commonwealth employees and which is made known to all Contractor employees. Posting these Contractor Integrity Provisions conspicuously in easily-accessible and well-lighted places customarily frequented by employees and at or near where the contract services are performed shall satisfy this requirement.
  - 3) Contractor, its affiliates, agents, employees and anyone in privity with Contractor shall not accept, agree to give, offer, confer, or agree to confer or promise to confer, directly or indirectly, any gratuity or pecuniary benefit to any person, or to influence or attempt to

influence any person in violation of any federal or state law, regulation, executive order of the Governor of Pennsylvania, statement of policy, management directive or any other published standard of the Commonwealth in connection with performance of work under this contract, except as provided in this contract.

- 4) Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material under this contract, unless the financial interest is disclosed to the Commonwealth in writing and the Commonwealth consents to Contractor's financial interest prior to Commonwealth execution of the contract. Contractor shall disclose the financial interest to the Commonwealth at the time of bid or proposal submission, or if no bids or proposals are solicited, no later than Contractor's submission of the contract signed by Contractor.
- 5) Contractor certifies to the best of its knowledge and belief that within the last five (5) years Contractor or Contractor Related Parties have not:
  - a) been indicted or convicted of a crime involving moral turpitude or business honesty or integrity in any jurisdiction;
  - b) been suspended, debarred or otherwise disqualified from entering into any contract with any governmental agency;
  - c) had any business license or professional license suspended or revoked;
  - d) had any sanction or finding of fact imposed as a result of a judicial or administrative proceeding related to fraud, extortion, bribery, bid rigging, embezzlement, misrepresentation or anti-trust; and
  - e) been, and is not currently, the subject of a criminal investigation by any federal, state or local prosecuting or investigative agency and/or civil anti-trust investigation by any federal, state or local prosecuting or investigative agency.

If Contractor cannot so certify to the above, then it must submit along with its bid, proposal or contract a written explanation of why such certification cannot be made and the Commonwealth will determine whether a contract may be entered into with the Contractor. The Contractor's obligation pursuant to this certification is ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to immediately notify the Commonwealth in writing if at any time during the term of the contract it becomes aware of any event which would cause the Contractor's certification or explanation to change. Contractor acknowledges that the Commonwealth may, in its sole discretion, terminate the contract for cause if it learns that any of the certifications made herein are currently false due to intervening factual circumstances or were false or should have been known to be false when entering into the contract.

- 6) Contractor shall comply with the requirements of the *Lobbying Disclosure Act (65 Pa.C.S. §13A01 et seq.)* regardless of the method of award. If this contract was awarded on a Non-bid Basis, Contractor must also comply with the requirements of the *Section 1641 of the Pennsylvania Election Code (25 P.S. §3260a)*.
- 7) When Contractor has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or these Contractor Integrity Provisions has occurred or may

occur, including but not limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, Contractor shall immediately notify the Commonwealth contracting officer or the Office of the State Inspector General in writing.

- 8) Contractor, by submission of its bid or proposal and/or execution of this contract and by the submission of any bills, invoices or requests for payment pursuant to the contract, certifies and represents that it has not violated any of these Contractor Integrity Provisions in connection with the submission of the bid or proposal, during any contract negotiations or during the term of the contract, to include any extensions thereof. Contractor shall immediately notify the Commonwealth in writing of any actions for occurrences that would result in a violation of these Contractor Integrity Provisions. Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of the State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth that results in the suspension or debarment of the Contractor. Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.
- 9) Contractor shall cooperate with the Office of the State Inspector General in its investigation of any alleged Commonwealth agency or employee breach of ethical standards and any alleged Contractor non-compliance with these Contractor Integrity Provisions. Contractor agrees to make identified Contractor employees available for interviews at reasonable times and places. Contractor, upon the inquiry or request of an Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Office of the State Inspector General to Contractor's integrity and compliance with these provisions. Such information may include, but shall not be limited to, Contractor's business or financial records, documents or files of any type or form that refer to or concern this contract. Contractor shall incorporate this paragraph in any agreement, contract or subcontract it enters into in the course of the performance of this contract/agreement solely for the purpose of obtaining subcontractor compliance with this provision. The incorporation of this provision in a subcontract shall not create privity of contract between the Commonwealth and any such subcontractor, and no third party beneficiaries shall be created thereby.
- 10) For violation of any of these Contractor Integrity Provisions, the Commonwealth may terminate this and any other contract with Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these Provisions, claim damages for all additional costs and expenses incurred in obtaining another contractor to complete performance under this contract, and debar and suspend Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or non-use of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.

#### **4. CONTRACTOR RESPONSIBILITY PROVISIONS**

For the purpose of these provisions, the term contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee or lessor, who has furnished or performed or seeks to furnish or perform, goods, supplies, services, leased space, construction or other activity, under a contract, grant, lease, purchase order or reimbursement agreement with the Commonwealth of Pennsylvania (Commonwealth). The term contractor includes a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other public entity in the Commonwealth.

- a. The Contractor certifies, in writing, for itself and its subcontractors required to be disclosed or approved by the Commonwealth, that as of the date of its execution of this Bid/Contract, that neither the Contractor, nor any such subcontractors, are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Contractor cannot so certify, then it agrees to submit, along with its Bid/Contract, a written explanation of why such certification cannot be made.
- b. The Contractor also certifies, in writing, that as of the date of its execution of this Bid/Contract it has no tax liabilities or other Commonwealth obligations, or has filed a timely administrative or judicial appeal if such liabilities or obligations exist, or is subject to a duly approved deferred payment plan if such liabilities exist.
- c. The Contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the Contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to inform the Commonwealth if, at any time during the term of the Contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or, to the best knowledge of the Contractor, any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.
- d. The failure of the Contractor to notify the Commonwealth of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the Contract with the Commonwealth.
- e. The Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth that results in the suspension or debarment of the contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.
- f. The Contractor may obtain a current list of suspended and debarred Commonwealth contractors by either searching the Internet at <http://www.dgs.state.pa.us/> or contacting the:  
Department of General Services  
Office of Chief Counsel  
603 North Office Building  
Harrisburg, PA 17125  
Telephone No: (717) 783-6472  
FAX No: (717) 787-9138

## **5. AMERICANS WITH DISABILITIES ACT**

- a. Pursuant to federal regulations promulgated under the authority of The Americans With Disabilities Act, 28 C.F.R. § 35.101 et seq., the Contractor understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this Contract or from activities provided for under this Contract on the basis of the disability. As a condition of accepting this contract, the Contractor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. § 35.130, and all other regulations

promulgated under Title II of The Americans With Disabilities Act which are applicable to all benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.

- b. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of subparagraph a above.

## **6. APPLICABLE LAW**

This Contract 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. The Contractor 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. The Contractor 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.

## **7. RIGHT TO KNOW LAW**

- a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104, ("RTKL") applies to this Contract. For the purpose of these provisions, the term "the Commonwealth" shall refer to the contracting Commonwealth agency.
- b. If the Commonwealth needs the Contractor's assistance in any matter arising out of the RTKL related to this Contract, it shall notify the Contractor using the legal contact information provided in this Contract. The Contractor, at any time, may designate a different contact for such purpose upon reasonable prior written notice to the Commonwealth.
- c. Upon written notification from the Commonwealth that it requires the Contractor's assistance in responding to a request under the RTKL for information related to this Contract that may be in the Contractor's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), the Contractor shall:
  - 1) Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the Contractor's possession arising out of this Contract that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and
  - 2) Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Contract.
- d. If the Contractor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Contractor considers exempt from production under the RTKL, the Contractor must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a

representative of the Contractor explaining why the requested material is exempt from public disclosure under the RTKL.

- e. The Commonwealth will rely upon the written statement from the Contractor in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the Contractor shall provide the Requested Information within five (5) business days of receipt of written notification of the Commonwealth's determination.
- f. If the Contractor fails to provide the Requested Information within the time period required by these provisions, the Contractor shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth.
- g. The Commonwealth will reimburse the Contractor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.
- h. The Contractor may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Contractor shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the Contractor agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth's disclosure of Requested Information pursuant to the RTKL.
- i. The Contractor's duties relating to the RTKL are continuing duties that survive the expiration of this Contract and shall continue as long as the Contractor has Requested Information in its possession.

## **8. OFFSET PROVISION**

The Contractor agrees that the Commonwealth of Pennsylvania (Commonwealth) may set off the amount of any state tax liability or other obligation of the Contractor or its subsidiaries to the Commonwealth against any payments due the Contractor under any contract with the Commonwealth.