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west virginia department of environmental protection

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Office of Oil and Gas  
601 57th Street SE  
Charleston, WV 25304  
(304) 926-0450  
(304) 926-0452 fax

Earl Ray Tomblin, Governor  
Randy C. Huffman, Cabinet Secretary  
www.dep.wv.gov

## PERMIT MODIFICATION APPROVAL

December 10, 2014

MOUNTAINEER KEYSTONE, LLC  
6031 WALLACE ROAD EXTENSION - SUITE 300  
PITTSBURGH, PA 15090

Re: Permit Modification Approval for API Number 103315 , Well #: HOWDERSHELT 201  
**Change location of wellhead.**

Oil and Gas Operator:

The Office of Oil and Gas has reviewed the attached permit modification for the above referenced permit. The attached modification has been approved and well work may begin. Please be reminded that the oil and gas inspector is to be notified twenty-four (24) hours before permitted well work is commenced.

Please call James Martin at 304-926-0499, extension 1654 if you have any questions.

Sincerely,

Gene Smith  
Assistant Chief of Permitting  
Office of Oil and Gas

201  
001 - 03315

# Mountaineer Keystone LLC



July 23, 2014

Mr. Gene Smith  
Assistant Chief  
WVDEP - Office of Oil and Gas  
601 57<sup>th</sup> Street, SE  
Charleston, WV 25304

RE: Howdershelt 201-212 MODIFICATION

Gene:

Enclosed please find new plats and WW-6A1 forms for the Howershelt 201-212 pad. We are requesting a change to the location of the wellheads from the originally permitted locations. We did not submit new construction drawings, due to the fact that the LODs will not change.

If you have any questions or require any further information, please feel free to contact me.

Sincerely,

Amy L. Miller  
Regulatory Compliance Specialist

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Environmental Protection

**INFORMATION SUPPLIED UNDER WEST VIRGINIA CODE  
Chapter 22, Article 6A, Section 5(a)(5)  
IN LIEU OF FILING LEASE(S) AND OTHER CONTINUING CONTRACT(S)**

Under the oath required to make the verification on page 1 of this Notice and Application, I depose and say that I am the person who signed the Notice and Application for the Applicant, and that –

- (1) the tract of land is the same tract described in this Application, partly or wholly depicted in the accompanying plat, and described in the Construction and Reclamation Plan;
- (2) the parties and recordation data (if recorded) for lease(s) or other continuing contract(s) by which the Applicant claims the right to extract, produce or market the oil or gas are as follows:

Lease Name or Number	Grantor, Lessor, etc.	Grantee, Lessee, etc.	Royalty	Book/Page
*See attached Sheet				

**Acknowledgement of Possible Permitting/Approval  
In Addition to the Office of Oil and Gas**

The permit applicant for the proposed well work addressed in this application hereby acknowledges the possibility of the need for permits and/or approvals from local, state, or federal entities in addition to the DEP, Office of Oil and Gas, including but not limited to the following:

- WV Division of Water and Waste Management
- WV Division of Natural Resources WV Division of Highways
- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service
- County Floodplain Coordinator

The applicant further acknowledges that any Office of Oil and Gas permit in no way overrides, replaces, or nullifies the need for other permits/approvals that may be necessary and further affirms that all needed permits/approvals should be acquired from the appropriate authority before the affected activity is initiated.

Well Operator: Mountaineer Keystone

By: Amy L. Miller *Amy Miller*

Its: Regulatory Compliance Specialist

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Letter Designation/ Number Designation on Plat	Surface owner	Grantor, Lessor, etc.	Grantee, Lessee, etc.	Royalty	Book/Page
✓ 8/I	Antonelli, Ruth A	Jean Kines	Commonwealth Energy Inc	12.5%	138 / 423
		Commonwealth Energy Inc	Mar Key, LLC		161 / 248
		Mar Key, LLC	Mountaineer Keystone LLC		See attached letter
✓ 6/G	Ira G. Hovatter & Carol S. Hovatter	Ira G. Hovatter & Carol S. Hovatter	Falcon Partners	12.5%	147 / 111
		Falcon Partners	Mar Key LLC		157 / 92
		Mar Key LLC	Mountaineer Keystone LLC		See attached letter
✓ 9/F	Robert J. Pitzer & Bernice J. Pitzer	Robert J. Pitzer & Bernice J. Pitzer	Robert F. Kozel	12.5%	150 / 236
		Robert F. Kozel	Mar Key, LLC		164 / 332
		Mar Key, LLC	Mountaineer Keystone LLC		See attached letter
✓ 7/H	AC Barbour LLC, C/O Linda K. Rohrig	Adam C. Rohrig Jr. & Linda K. Rohrig	Mar Key LLC	15.0%	160 / 482
		Mar Key LLC	Mountaineer Keystone LLC		See attached letter
✓ 5/E	Bolyard, Elizabeth N (Life Estate) David Tincher remainderman	Elizabeth N. Bolyard Life Est	Falcon Partners	12.5%	147 / 118
		Falcon Partners	Mar Key LLC		164 / 338
		Mar Key LLC	Mountaineer Keystone LLC		See attached letter

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✓ 5/E	Bolyard, Elizabeth N (Life Estate) David Tincher remainderman	David Tincher & Mary Tincher	Falcon Partners	12.5%	147 / 123
		Falcon Partners	Mar Key LLC		164 / 338
		Mar Key LLC	Mountaineer Keystone LLC		See attached letter
✓ 4/C	J. Glen Moore & Wanda Lea Moore	J. Glen Moore & Wanda Lea Moore	Mar Key, LLC	15.0%	160 / 524
		Mar Key LLC	Mountaineer Keystone LLC		See attached letter
✓ 3/D	Tommy R. Freeman & Dottie L. Freeman	Tommy R. Freeman & Dottie L. Freeman	Commonwealth Energy Inc	12.5%	138 / 414
		Commonwealth Energy Inc	Mar Key, LLC		161 / 248
		Mar Key, LLC	Mountaineer Keystone LLC		See attached letter
✓ 1/A & 2/B	Melvin Howdershelt & Renee Howdershelt	Melvin Howdershelt & Renee Howdershelt	R.P. Land Company LLC	18.0%	160 / 272
		R.P. Land Company LLC	Mar Key, LLC		157 / 100
		Mar Key, LLC	Mountaineer Keystone LLC		See attached letter

4700 103315 MOD

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Environmental Protection

## CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT, dated as of April 9, 2013 (this "Agreement"), is by and among Mountaineer Keystone Holdings, LLC, a Delaware limited liability company ("MKH"), Mountaineer Keystone Energy, LLC, a Delaware limited liability company ("MKE"), Mar Key LLC, a West Virginia limited liability company ("Mar Key"), Mountaineer Keystone, LLC, a West Virginia limited liability company ("Mountaineer Keystone"), and Uti Key LLC, a Delaware limited liability company ("Uti Key").

### RECITALS

- A. Whereas, MKH is the sole member and owner of 100% of the membership interests of Mar Key, Mountaineer Keystone, and Uti Key (the membership interests of Mar Key, Mountaineer Keystone, and Uti Key being the "Membership Interests").
- B. Whereas, MKE was formed on the date hereof as a wholly-owned subsidiary of MKH.
- C. Whereas, MKH desires to contribute to MKE, as a contribution to capital, the Membership Interests, such that MKE will replace MKH as the sole member of Mar Key, Mountaineer Keystone, and Uti Key, all in accordance with this Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits to be derived from this Agreement, and of the representations, warranties, conditions, agreements and promises contained herein, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, intending to be legally bound, the parties agree as follows:

### ARTICLE I CONTRIBUTION AND ISSUANCE OF SHARES

1.1. Contribution. Subject to the terms and conditions set forth herein, effective as of April 10, 2013 at 8:00 am (the "Effective Time"), MKH shall be deemed to have contributed, and hereby contributes, as a contribution to capital, the Membership Interests to MKE.

1.2. Transfer of the Interests.

(a) From and after the Effective Time, MKE shall be the owner of the Membership Interests.

(b) From and after the Effective Time, MKH shall not have any direct interest in any of the Membership Interests of Mar Key, Mountaineer Keystone, Uti Key.

**ARTICLE II  
REPRESENTATIONS AND WARRANTIES**

2.1. Representations and Warranties by MKH. MKH represents and warrants to MKE as of the Effective Time as follows:

(a) Organization, Standing and Power. Mar Key is a limited liability company duly organized and validly existing under the laws of West Virginia, Mountaineer Keystone is a limited liability duly organized and validly existing under the laws of West Virginia, and Uti Key is a limited liability company duly organized and validly existing under the laws of Delaware.

(b) Binding Agreement. Each of Mar Key, Mountaineer Keystone, and Uti Key has the legal right and all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. MKH has the legal right and all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly executed and delivered by each of Mar Key, Mountaineer Keystone, Uti Key and MKH, and is the valid and binding obligation of Mar Key, Mountaineer Keystone, Uti Key and MKH (as the case may be), enforceable against Mar Key, Mountaineer Keystone, Uti Key and MKH (as the case may be) in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles and public policy.

(c) Capitalization; Interests. There are no rights to acquire or options, warrants, call agreements, convertible securities or other commitments to issue, exchange or acquire, directly or indirectly, any unissued or treasury interests or other interests of each of Mar Key, Mountaineer Keystone, and Uti Key and no other interest of each of Mar Key, Mountaineer Keystone and Uti Key are reserved for issuance for any purpose.

2.2 Representations and Warranties by MKE. MKE has the legal right and all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly executed and delivered by MKE, and is the valid and binding obligation of MKE, enforceable against MKE in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles and public policy.

**ARTICLE III  
MISCELLANEOUS**

3.1. Entire Agreement. This Agreement contains the entire agreement among the parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements or understandings among the parties.

3.2 Survival. All representations, covenants and obligations of the parties in this Agreement shall survive the execution of this Agreement.

3.3 Benefits of Agreement. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement is for the sole benefit of the parties hereto and not for the benefit of any third party.

3.4. Amendments and Waivers. No modification, amendment or waiver, of any provision of, or consent required by, this Agreement, or any consent to any departure herefrom, shall be effective unless it is in writing and signed by the parties hereto.

3.5. Governing Law. This agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to conflict of laws principles.

3.6. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part will remain in full force and effect to the extent not held invalid or unenforceable.

3.7. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

[Signature page follows]



IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed and delivered as of the day and year first above written.


**MOUNTAINEER KEYSTONE HOLDINGS, LLC**

By: 

Name: Robert F. Kozel

Title: Chief Executive Officer

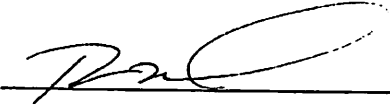
**MOUNTAINEER KEYSTONE ENERGY, LLC**

By: 

Name: Robert F. Kozel

Title: Chief Executive Officer

**MAR KEY LLC**

By: 

Name: Robert F. Kozel

Title: Chief Executive Officer


**MOUNTAINEER KEYSTONE, LLC**

By: 

Name: Robert F. Kozel

Title: Chief Executive Officer

**UTI KEY LLC**

By: 

Name: Robert F. Kozel

Title: Chief Executive Officer

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Office of Oil and Gas  
JUL 28 2014

[Signature Page to Contribution Agreement] WV Department of Environmental Protection  
12/12/14

LATERAL ROYALTY OWNERS		
1	MELVIN & RENEE HOWDERSHELT	158.84 AC±
2	MELVIN & RENEE HOWDERSHELT	71.78 AC±
3	TOMMY & DOTTIE FREEMAN	92 AC±
4	GLEN MOORE ET UX	82.50 AC±
5	ELIZABETH BOLYARD ET AL	28.40 AC±
6	DAVID AND MARY TINCHER	
7	IRA G. AND CAROL HOVATTER	79 AC±
8	ADAM ROHRIG JR. ET UX	83 AC±
9	JEAN KINES	103 AC±
9	ROBERT AND BERNICE PITZER	7.27 AC±
STATE OF WEST VIRGINIA (TURNPIKE)		

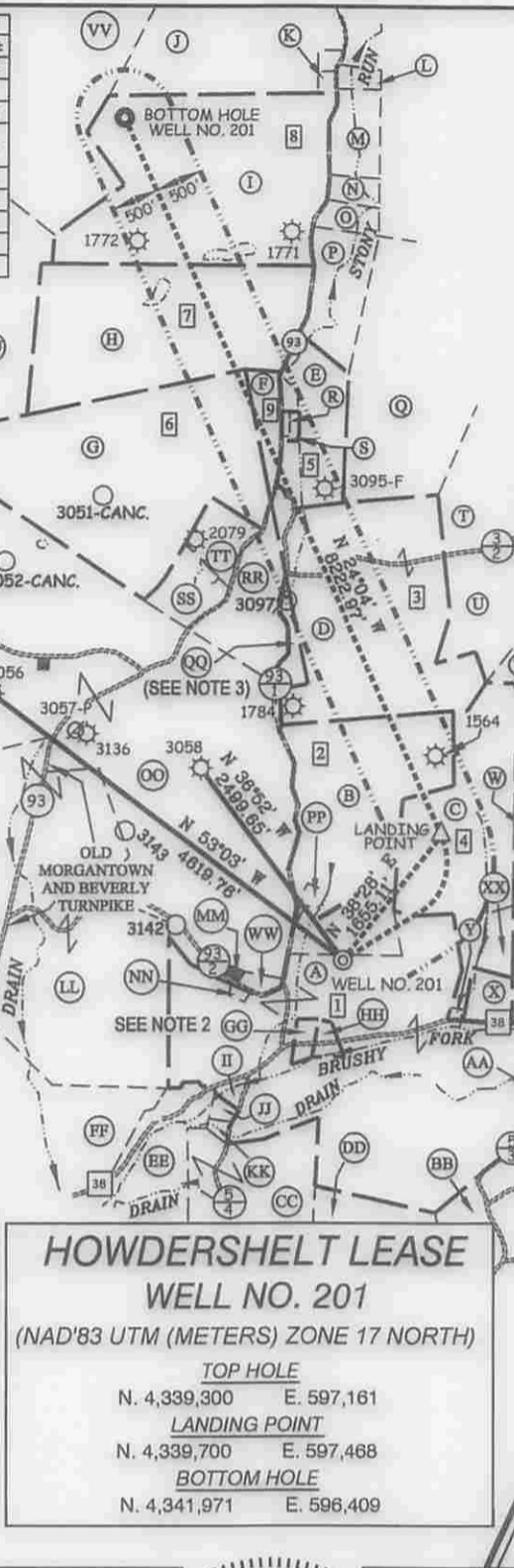
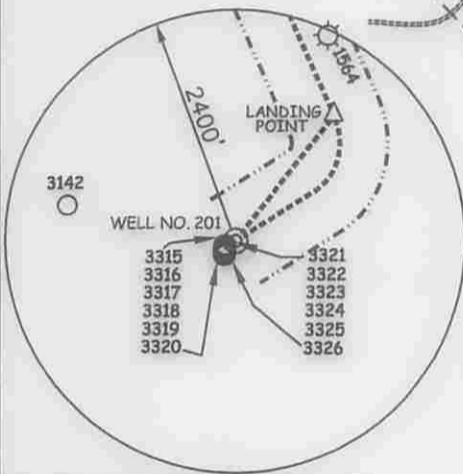
NOTES ON SURVEY

- NO WATER WELLS OR DEVELOPED SPRINGS WERE FOUND WITHIN 250' OF PROPOSED GAS WELL. NO AGRICULTURAL BUILDINGS ≥ 2500 SQ. FT. OR DWELLINGS WERE FOUND WITHIN 625' OF THE CENTER OF PROPOSED WELL PAD. NO RAILROADS WERE FOUND WITHIN THE SCOPE OF THIS PLAT.
- TAX MAPS IN THIS AREA WERE FOUND TO CONTAIN SIGNIFICANT ERROR. PROPERTY LINES SHOWN HEREON WERE TAKEN FROM DEEDS AND FIELD EVIDENCE.
- DUE TO POOR DEED DESCRIPTION AND PARTIALLY INCORRECT TAX MAPS THE ACTUAL LOCATION OF 1.56 AC. TRACT IS NOT DEFINITE. THE CURRENT LAND OWNER IS UNCERTAIN OF ITS LOCATION. TAX MAP 14 SHOWS SAID LOT NORTH OF JOHN FITZWATER. SLS BELIEVES TRACT COULD BE LOCATED WHERE INDICATED BY CIRCLED QQ.
- TIES TO WELLS, CORNERS AND REFERENCES ARE BASED ON GRID NORTH FOR THE WV STATE PLANE COORDINATE SYSTEM NORTH ZONE NAD' 27.
- PARCEL 13 ON TAX MAP 15 IS ACTUALLY LOCATED ON TAX MAP 18 NORTH OF PARCEL 10.

LEGEND

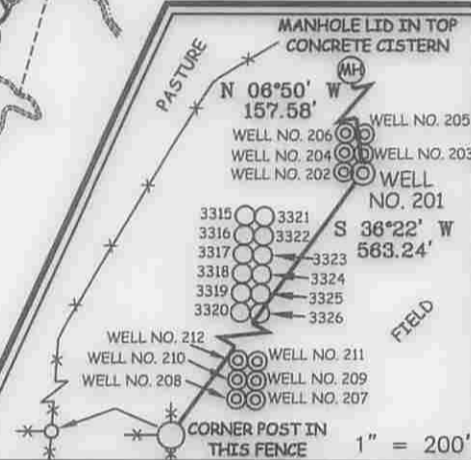
LEASE LINE	---
SURFACE LINE	---
WELL LATERAL	---
OFFSET LINE	---
WELL TIE	---
CREEK	---
ROAD	---
FENCE LINE	---
COUNTY ROUTE	---
STATE ROUTE	---
PROPOSED WELL	○
EXISTING WELL	○
PERMITTED WELL	○
TAX MAP-PARCEL	00-00

NORTH



SURFACE OWNERS		
A	MELVIN & RENEE HOWDERSHELT	TM 19 PAR. 41
B	MELVIN & RENEE HOWDERSHELT	TM 19 PAR. 40
C	GLEN MOORE ET UX	TM 18 PAR. 8
D	TOMMY & DOTTIE FREEMAN	TM 19 PAR. 39.1
E	ELIZABETH BOLYARD ET AL	TM 14 PAR. 53
F	ROBERT & BERNICE PITZER	TM 14 PAR. 37
G	IRA G. HOVATTER ET UX	TM 14 PAR. 38
H	A.C. BARBOUR, LLC C/O LINDA K. ROHRIG	TM 14 PAR. 38
I	RUTH ANTONTELLI	TM 14 PAR. 39
J	PATRICIA RICOTTILLI LRJ LLC	TM 14 PAR. 40
K	TRUSTEES KASSON U.M. CHURCH	TM 14 PAR. 40.1
L	TRUSTEES DANVILLE CHURCH	TM 14 PAR. 50
M	LAWRENCE KNOTTS	TM 14 PAR. 51
N	BILLIE POLING ET AL	TM 14 PAR. 51.1
O	BILLIE POLING ET AL	TM 14 PAR. 51.2
P	PAUL AND ERICA HALLER	TM 14 PAR. 52
Q	PAUL AND ERICA HALLER	TM 15 PAR. 04
R	DAVID L. TINCHER	TM 14 PAR. 63.1
S	DAVID L. TINCHER	TM 14 PAR. 53.2
T	DAVID AND MELISSA SHELTON	TM 15 PAR. 5
U	TOMMY AND DOTTIE FREEMAN ET AL	TM 15 PAR. 4.1
V	LEOTA O'NEAL ET AL	TM 18 PAR. 1
W	DORSEY POLING ET AL	TM 18 PAR. 7
X	THOMAS W. OWENS	TM 18 PAR. 10
Y	THOMAS W. OWENS	TM 18 PAR. 9
Z	MARK AND ELOISE HOLLEN	TM 18 PAR. 30
AA	ELBERT McLEAN ET UX	TM 18 PAR. 39
BB	PAUL AND JOHN ADAMS	TM 18 PAR. 31
CC	LORETHA M. ANNON LEGACY TRUST ET AL	TM 19 PAR. 51
DD	JAMES B. ANCELL	TM 28 PAR. 1
EE	RONALD ALVIL	TM 19 PAR. 60
FF	BETTY L. KELLEY ET AL	TM 19 PAR. 47
GG	ERIC V. HOWDERSHELT	TM 19 PAR. 41.4
HH	MELVIN AND RENEE HOWDERSHELT	TM 19 PAR. 41.1
II	ELWOOD AND PENNY CANFIELD	TM 19 PAR. 41.5
JJ	ELWOOD CANFIELD	TM 19 PAR. 41.2
KK	ERIC AND LISA EVIX	TM 19 PAR. 41.3
LL	IRA G. AND CAROL HOVATTER	TM 19 PAR. 43
MM	NEW HOPE VALLEY U.M. CHURCH	TM 19 PAR. 38.1
NN	NEW HOPE VALLEY CHURCH	TM 19 PAR. 42
OO	IRA G. AND CAROL HOVATTER	TM 19 PAR. 38
PP	MELVIN AND RENEE HOWDERSHELT	TM 19 PAR. 40.1
QQ	ELIZABETH BOLYARD ET AL	TM 14 PAR. 36.4
RR	ELIZABETH BOLYARD ET AL	TM 14 PAR. 36.1
SS	JOHN T. FITZWATER	TM 14 PAR. 36.2
TT	JOHN T. FITZWATER	TM 14 PAR. 36.3
UU	EDSIL NESTOR ET AL	TM 14 PAR. 36.5
VV	EDSIL NESTOR ET AL	TM 14 PAR. 32
WW	CHURCH LOT	
XX	GLEN MOORE ET UX	TM 15 PAR. 13

REFERENCES



**HOWDERSHELT LEASE**  
**WELL NO. 201**  
 (NAD'83 UTM (METERS) ZONE 17 NORTH)

**TOP HOLE**  
 N. 4,339,300 E. 597,161

**LANDING POINT**  
 N. 4,339,700 E. 597,468

**BOTTOM HOLE**  
 N. 4,341,971 E. 596,409

**Professional Energy Consultants**  
 A DIVISION OF SMITH LAND SURVEYING, INC.

**SLS**  
 SURVEYORS  
 ENGINEERS  
 ENVIRONMENTAL  
 PROJECT MGMT.

0514 482-5834 WWW.SLSURVEYS.COM



(+) DENOTES LOCATION OF WELL ON UNITED STATES TOPOGRAPHIC MAPS.

DATE JULY 14, 20 14

REVISED \_\_\_\_\_, 20 \_\_\_\_\_

OPERATORS WELL NO. 201

API WELL NO. 47-001 **MOD 03315**

STATE MD COUNTY 03315 PERMIT

I THE UNDERSIGNED, HEREBY CERTIFY THAT THIS PLAT IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND SHOWS ALL THE INFORMATION REQUIRED BY LAW AND THE REGULATIONS ISSUED AND PRESCRIBED BY THE DIVISION OF ENVIRONMENTAL PROTECTION.

P.S. 849 *C. Victor Moyers*

MINIMUM DEGREE OF ACCURACY 1/2500 FILE NO. 7962P201R6

HORIZONTAL & VERTICAL CONTROL DETERMINED BY DGPS (SURVEY GRADE TIE TO CORS NETWORK) SCALE 1" = 2000'

STATE OF WEST VIRGINIA  
 DIVISION OF ENVIRONMENTAL PROTECTION  
 OFFICE OF OIL AND GAS

WELL TYPE: OIL  GAS  LIQUID INJECTION  WASTE DISPOSAL  IF "GAS" PRODUCTION  STORAGE  DEEP  SHALLOW

LOCATION: ELEVATION 1,578(GROUND) 1,557(PROPOSED) WATERSHED BRUSHY FORK OF TETER CREEK

DISTRICT COVE COUNTY BARBOUR QUADRANGLE NESTORVILLE 7.5'

SURFACE OWNER MELVIN & RENEE HOWDERSHELT ACREAGE 158.94±

ROYALTY OWNER MELVIN & RENEE HOWDERSHELT ACREAGE 158.94± **12/12/14**

PROPOSED WORK: LEASE NO. 00000672

DRILL  CONVERT  DRILL DEEPER  REDRILL  FRACTURE OR STIMULATE  PLUG OFF OLD FORMATION  PERFORATE NEW FORMATION  PLUG AND ABANDON  CLEAN OUT AND REPLUG  OTHER

PHYSICAL CHANGE IN WELL (SPECIFY) \_\_\_\_\_ TARGET FORMATION MARCELLUS

ESTIMATED DEPTH TVD 7,845' / TMD 17,178'

WELL OPERATOR MOUNTAINEER KEYSTONE LLC DESIGNATED AGENT NATHAN SKEEN

ADDRESS 1111 VAN VOORHIS ROAD, SUITE G ADDRESS 1111 VAN VOORHIS ROAD, SUITE G

MORGANTOWN, WV 26505 MORGANTOWN, WV 26505

LONGITUDE 79°52'30"

COUNTY NAME

PERMIT