PRICING

Prices June 11, 2012

One Year NYMEX strip (July, 2012 – June, 2013) $2.89
Summer NYMEX strip (July, 2012 – October, 2012) $2.33
Winter NYMEX strip (November, 2012 – March, 2013) $3.10

TCO Index Posting - June, 2012 $2.43
DTI Index Posting – June, 2012 $2.44

The average 2011 Index price for TCO was $4.14, and the average 2011 price for DTI was $4.20.

It appears that high storage levels combined with enhanced production capabilities and slow usage growth could keep gas prices from rising dramatically over the next couple of years.

Energy Information Administration (EIA) UPDATE-May:

EIA released its May, 2012 Short Term Energy Outlook report, and it showed that they expect the price of WTI crude to average $110 in 2012, and remain relatively flat for 2013. U.S. retail gasoline price is expected to average $3.79 this summer and average $3.71 per gallon for 2012 as a whole. Natural Gas at the Henry Hub is expected to average $2.45 MMBTU in 2012, which is an $1.55 cent decline from 2011’s average spot price. EIA expects Henry Hub spot prices will average $3.17 per MMBTU in 2012

EIA said March Natural Gas Demand was down 5.4% to 2.1 Tcf. This is the lowest demand since 2004. This sharp drop came as residential natural gas demand fell 32.6% in March from a year ago to 409 Bcf and was the lowest for the month on EIA records beginning in 1973. Total US demand in the 1st. quarter was 2.9% below last year. Natural gas used by the power sector rose by 40.9% in March vs. last year on utility switching from coal. March gas use by the power sector was the most in the month on EIA records beginning in 2002.

Looking forward toward summer, their continues to be a downward pressure and a bearish view on price, as weather demand coupled with storage levels may indicate some sideways trading between a low of $2.15 and $2.62 for July. Early weather forecasts are calling for a normal to below normal summer.
GAS RESERVES:

The EIA came out with their Proved Gas Reserve Report. U.S. natural gas proved reserves, estimated as “wet” gas which includes natural gas plant liquids, increased by 11 percent in 2009 to 284 trillion cubic feet (Tcf), the highest since 1971. Last year’s increase demonstrates the importance of shale gas exploration and production technologies per the agency. Louisiana led the nation in additions to natural gas proved reserves with a net increase of 9.2 Tcf (77% increase), and Arkansas (Fayetteville Shale) and Pennsylvania (Marcellus Shale) nearly doubled their reserves.

GAS STORAGE AS OF THE April 5, 2012 Report

Working Gas in storage was 2,877 Bcf as of Friday, June 1, 2012. At 2,877, total working gas is above the 5 year historical range.

<table>
<thead>
<tr>
<th>Region</th>
<th>06/01/12</th>
<th>05/25/12</th>
<th>Change</th>
<th>06/01/11</th>
<th>05/25/11</th>
<th>Change</th>
<th>5 Year Avg.</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>1,363</td>
<td>1,325</td>
<td>38</td>
<td>945</td>
<td>44.1%</td>
<td>1,016</td>
<td>34.2%</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>423</td>
<td>410</td>
<td>13</td>
<td>285</td>
<td>48.4%</td>
<td>332</td>
<td>27.4%</td>
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</tr>
<tr>
<td>Producing</td>
<td>1,091</td>
<td>1,080</td>
<td>11</td>
<td>933</td>
<td>16.9%</td>
<td>842</td>
<td>29.6%</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,877</td>
<td>2,815</td>
<td>62</td>
<td>2,164</td>
<td>32.9%</td>
<td>2,190</td>
<td>31.4%</td>
<td></td>
</tr>
</tbody>
</table>

Storage is 74.1% full compared to normal as of this report, with normal total capacity of 3,890 at the start of the withdrawal season.

GATHERCO

Retainage for March, 2012, is as follows for the Gatherco systems. Treat was 3.0%, Miley was 3.0%, Meigs was 6.1%, York was 3.0%, Grimes was 9.11%, and Elk was 3.0%. April retainage was not available as of the date of this report.

DOMINION EAST OHIO GAS

Update on 2011 enhancement surcharges:

Per Dominion East Ohio:

Dominion East Ohio's Heat Content Agreement Fee will be:

HEAT CONTENT AGREEMENT FEE

Apr 12 - Mar 13 - Heat Content Agreement Fee = $0.16/Mcf
OOGA Administration Fee = $0.01/Mcf
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Total = $0.17/Mcf
WOODSFIELD/CARLISLE PROCESSING PROPOSAL:

- DTI will offer liquids uplift at Carlisle with a negotiated service charge and retained liquids fee structure.
- Liquids uplift in the $1.50-$1.80/DT range is projected.
- Producer’s gas must have a direct path to Plant.
- HCA fee would be eliminated.
- DEO will discuss modification of WOA fee with Producers.
- DEO will negotiate new Gathering Service Agreement with Producers to replace HCA fee.
- DEO/DTI will be contacting impacted Producers to schedule meetings.

Below is the website for Dominion East Ohio, where you can find notices about interruptions, shut-ins, contacts, maps, and information about current enhancements projects being worked on and considered by the enhancement committee.

http://www.dom.com/about/gp-services/index.jsp

CNR/COLUMBIA GAS TRANSMISSION

There are some shut-ins on Columbia is Ohio, due to the extra Marcellus gas causing some constraints on their systems, and they are allowing only Firm Transport to flow. The Smithfield to Adeline MA 35 constraint has some Ohio, PA, and WV producers shut in as of the date of this report.

For shut in notices on Columbia Gas Transmission, please use the link below.


COBRA PIPELINE COMPANY, LLC

Effective February 6, 2008, Cobra Pipeline Company LLC purchased The Churchtown, North Trumbull, and Holmesville systems from Columbia Gas Transmission. Cobra took over the ownership and management of those systems on that date.

Cobra Pipeline Company website: https://www.quicknom.com/cobra/

EQUITABLE:

Dec. 8, 2011 - EQT Corporation announced that it intends to file a registration statement with the U.S. Securities and Exchange Commission during the first quarter of 2012 for an IPO of
common units of a master limited partnership (MLP) that would own portions of the assets of Equitrans, L.P., and EQT’s interstate pipeline subsidiary.

Under the anticipated structure, EQT expects to sell a limited partner interest in the MLP in the IPO, subject to market conditions. At the close of the IPO, EQT would own the general partner of the MLP, which would own the incentive distributions rights, as well as a substantial portion of the MLP’s common units. Proceeds of the IPO would be used to fund the further acceleration of EQT’s Marcellus development. The MLP would focus on providing gathering and transmission services to producers in the Marcellus Shale, including EQT Production Company.

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EQT Corp. said Friday it will stop drilling natural gas wells indefinitely in the Huron shale in Kentucky because of decade-low prices, a move that might signal a major course correction for shale drillers, experts said.

The Downtown-based gas producer announced the decision in a securities filing, but there was no immediate indication that other Huron gas producers might follow suit. EQT has 5,000 producing wells in Kentucky and 3,500 miles of gathering lines, on about 2.7 million acres of reserves. The company will offer 39 employees new positions in Pennsylvania or West Virginia, spokeswoman

Read more: EQT’s shift from Kentucky’s Huron shale could have ripple effect - Pittsburgh Tribune-Review
http://www.pittsburghlive.com/x/pittsburghtrib/news/s_777737.html?_s_icmp=NetworkHeadlines#ixzz1kNkJm2zg

DOMINION TRANSMISSION

Dominion has been experiencing some line pressure issues on parts of their system, as well as maintenance. This has resulted in some intermittent shut-ins for producers.

Appalachian Gateway Project:

SOOGA hosted a meeting on April 5th. with WV producers who have concerns about the Appalachian Gateway Project. When the Project was initiated, the price of gas was in the $10-$12 range. The currently scheduled startup date for the project is September of this year, and the cost to the producer for the Firm Transport costs to get their gas from DTI to Oakford, which is a liquid trading point, is $.58/dth, plus any cost of handling that the marketer may add if they purchased the FT on behalf of the producer. Per producer’s comments who are in that project, they are facing dire economic consequences with that rate due to the gas price being in the $2.50/dth range currently. Several options were discussed, one being hedging your gas volumes out 2 to 4 years to get a price that may help cover the cost of the transport, and another was discussing with your marketer if there was a venue whereby you could pay less when the price
was low, and then allow the marketer to re-coup the difference when prices rose to a specified level. I will publish new updates as they occur.

Http://www.dom.com/about/gas-transmission/index.jsp

**MARCELLUS AND UTICA NEWS:**

**New Pipeline being planned in PA:**

- UGI is proposing to build a new 200 mile 30” pipeline with a capacity estimated to be 800,000/day at a cost of one billion dollars that would connect current production facilities in NE Pennsylvania to markets south towards Philadelphia, Baltimore, and Washington.

**Shell to build Chemical Plant:**

- Shell Oil Co. has selected a site near Monaca where it could build a new multibillion-dollar chemical plant. Shell Chemical LP signed a land-option agreement with Horsehead Corp. to evaluate the 300 acre site in Potter and Center townships in Beaver County PA. The company’s CEO said recently that Shell could be years away from making a final decision on whether or not to build the plant.

**Enterprise Products Partners has enough support for new pipeline:**

- Enterprise Products Partners has announced that it has enough support from shippers to build and energy pipeline between Pennsylvania and Texas. The 1,230 mile pipeline will link oil and natural gas fields in the Marcellus and Utica shale regions with ethylene plants on the Gulf Coast. The pipeline will handle up to 190,000 bbls./day, and shipper will pay between $.145 and $.155 cents per gallon to use the pipeline. Enterprise said shippers have committed to at least 15 years, indicating the long-term potential for energy development in shale formations in the Appalachian Basin. When completed, the pipeline should go into operation in the first quarter of 2014.

**Marcellus Update:**

- Low natural gas prices are leading to cutbacks in dry gas investment and production at Chesapeake Energy Corp., including in the Marcellus Shale. That means that Chesapeake will halve its dry gas drilling by the second quarter, bringing to 12 the number of Marcellus Shale dry gas rigs that Chesapeake operates in the region, primarily in northeastern Pennsylvania. It wasn't immediately clear how many the company had operating now but a spokesman said Monday that Marcellus production would continue.
- Chesapeake Energy Corp. (NYSE: CHK) also plans to cut production by at least 0.5 billion cubic feet of gas, representing about 8 percent of its daily production across its
holdings, especially in the Haynesville and Barnett shale plays. The reduction could be as much as 1 billion cubic feet per day if market conditions warrant, Chesapeake said.

- Capital expenditures related to dry gas drilling will also be cut by nearly $1 billion, down about 70 percent from the $3.1 billion in 2011. The money Chesapeake saves from dry-gas drilling cuts will go to liquids rich shale plays including the Utica, which touch southwestern Pennsylvania but are mostly located in Ohio.

A few other companies, such as Consol Energy, PDC, and XTO are reportedly slowing down drilling as the price of natural gas has dropped into the $2.00 range for the prompt month, and the one year strip is around $2.78 at the date of this report.

**Utica News:**

**Gulfport Energy Corp./Markwest:**

On Monday, June 5, Oklahoma-based Gulfport Energy Corp. announced completion of an agreement with MarkWest Utica EMG LLC to build and operate gas-gathering pipelines and processing facilities tied to Gulfport's Utica-shale acreage in eastern Ohio.

MarkWest plans to process the natural gas at a complex in Harrison County and will provide fractionation or processing services for natural-gas liquids in Harrison County.

Initially, MarkWest will bring on line in interim refrigeration gas-processing plant in the third quarter of 2012.

That facility will be followed by a 125 million cubic-feet-per-day permanent cryogenic gas-processing plant that is expected to begin operations by the first quarter of 2013, Gulfport reported.

An additional capacity of 200 million cubic feet per day of cryogenic capacity will be available by early 2014.

MarkWest is expected to have about 60 miles of related pipelines to move Gulfport volumes by the end of 2012.

By 2014, MarkWest should have 140 miles of gas-gathering lines and 20,000 horsepower of compression, Gulfport said.

**Nisource Midstream Pipeline:**

- Nisource Midstream Services is proposing to build a 90 mile pipeline to send gas and oil to a new processing plant this is capable of handling 200,000/day of gas. It will follow an existing Nisource ROW from Columbiana County south to Monroe County, passing through Carroll, Jefferson, Harrison, and Belmont Counties. The processing plant will be
The project will include a network of smaller pipelines that will be built to move gas from wells it expects to be drilled in the Utica Shale. Nisource is still negotiating with potential customers, and have not determined how large the line would be yet.

The 2011 production volumes for the current Utica wells that are in production are available on the ODNR website, and a condensed version is set out below.

<table>
<thead>
<tr>
<th>Owner Name</th>
<th>Well Name/Well Number</th>
<th>Oil (Barrels)</th>
<th>Gas (MCF)</th>
<th>Brine (Barrels)</th>
<th>Days in Production</th>
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<td>Chesapeake Appalachia LLC</td>
<td>BURGETT 7-15-6 8H-RS</td>
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<td>2,010</td>
<td>5 ***</td>
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<td>Chesapeake Appalachia LLC</td>
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<td>Chesapeake Appalachia LLC</td>
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<td>HOSEY POR 6H-X</td>
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<td>1,796</td>
<td>20 ***</td>
</tr>
</tbody>
</table>

The link below is a good one to keep up with the events and concerns surrounding the Marcellus and Utica Play’s in the North East.

http://www.energyindepth.org/

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