

VERTICAL Unconventional Gas Well Fee

Fee Schedule (Year)	Natural Gas Price Range				
	\$0 - \$2.25	\$2.26 - \$2.99	\$3.00 - \$4.99	\$5.00 - \$5.99	>=\$6.00
One	\$ 8,000	\$ 9,000	\$ 10,000	\$ 11,000	\$ 12,000
Two	\$ 6,000	\$ 7,000	\$ 8,000	\$ 9,000	\$ 11,000
Three	\$ 5,000	\$ 6,000	\$ 6,000	\$ 8,000	\$ 10,000
Four	\$ 2,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000
Five	\$ 2,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000
Six	\$ 2,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000
Seven	\$ 2,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000
Eight	\$ 2,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000
Nine	\$ 2,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000
Ten	\$ 2,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000
Ten-Year Total Fee per Well:	\$ 33,000	\$ 43,000	\$ 52,000	\$ 56,000	\$ 61,000
Years 11 through 15:	\$ -	\$ -	\$ -	\$ -	\$ -
Total 15-Year Fee:	\$ 33,000	\$ 43,000	\$ 52,000	\$ 56,000	\$ 61,000

***Consumer Price Index Adjustment:**

Beginning in 2013, the base fee amounts shall be adjusted annually to reflect any upward increase to the Consumer Price Index. Any adjustment will be tied to an increase in the number of wells spud in a given year over the prior year.

****Natural Gas Prices**

The annual price of natural gas for 2011 was \$4.03 per MM/Btu.

The NYMEX near-month contract price of natural gas as reported on January 31, 2012 was \$2.71 per MM/Btu.