

**Testimony and Exhibits**  
**PA Senate Environmental Resources**  
**And Energy Committee**

**Regarding Royalty Stub Transparency and Natural Gas Development  
Post-Production Costs**

**June 27, 2013**

**Harrisburg, Pennsylvania**

**Offered by**

**Joel Rotz**

**Senior Director**

**State Government Affairs**

**And**

**Mike Evanish, Manager**

**MSC Business Services Division**

Good morning, and thank you for the opportunity to testify today on behalf of the Pennsylvania Farm Bureau regarding royalty stub transparency issues and natural gas development post-production costs. I am Joel Rotz, Senior Director of State Government Affairs, for the over 57,000 members of the Pennsylvania Farm Bureau. Joining me this morning is Mike Evanish, Manager of Pennsylvania Farm Bureau's MSC Business Services Division, who will primarily address the issue of natural gas development post-production costs and the impact assessment of these costs are having on a number of our members in reducing royalties paid to them by gas well operators to a small fraction of the 12.5 % that is expected.

First, I would like to just briefly discuss the transparency issues on royalty payment stubs which Senator Yaw has introduced legislation to address in Senate Bill 259. A companion bill, HB 1414, introduced by Representative Garth Everett, and recently passed by the House is now under the Senate Environmental Resources and Energy Committee's consideration.

Pennsylvania Farm Bureau fully supports the provisions of these bills. The information that would be required to be included on royalty stubs by enactment of this legislation is clearly not asking for any proprietary information from gas well operators and frankly is common sense detail that those receiving royalties should have in understanding and determining that the payment received is proper compensation as provided for in the lease agreement with the corresponding gas well company. Identification of the specific well for which the payment is received, the specific sales period, gross value, identification and amount of deductions or adjustments, net value, owner interest, the owner's gross value and net value, and address and phone number where additional information can be requested, would go far in reducing a landowner's concern of fair and equitable treatment in the royalty payment received.

With the more recent development of landowner concerns regarding post-production costs that are in some cases reducing royalty payments to a small fraction of what was believed to be the landowner's share of royalty payment, and the seeming inconsistency of how these costs are applied between companies, between landowners and even between wells on the same pad as Mr. Evanish is about demonstrate, it appears logical that addressing the issue of transparency in post-production costs should also be dealt with in the legislation. Pennsylvania Farm Bureau recognizes there are legitimate proprietary concerns that gas well operators may need to protect, however, certainly more information needs to be accessible to affected landowners regarding post-production cost assessments if the industry is interested in maintaining the support and trustworthiness that it has historically enjoyed among the majority of Pennsylvania's agricultural community.

Now, Mr Evanish will present some factual information on what is being experienced by some of our members impacted by the post-production cost deductions.

Good Morning, and I also want to thank you for the opportunity to testify today on behalf of the Pennsylvania Farm Bureau. My name is Michael Evanish and I am Manager of MSC Business Services. We provide accounting services to about 5,000 Pennsylvania Farm Bureau members.

As the accountant, my testimony will be limited to the monthly royalty statements and payments received by several of our clients - specifically, the deductions from royalty payments being experienced by four (4) Bradford County members.

Contained in my handout are select monthly statements for the four (4) clients that are preceded by a summary. In the case of Example 3, only one month is provided due to the fact that all months are the same.

**Example 1:** Deductions by Chesapeake range from a low of 62% in December 2012, to a high of 100% in March 2013. Chesapeake's partner in the well, StatOil, takes no deductions.

**Example 2:** Deductions by SouthWestern range from a low of 7% in February 2012, to a high of 15% in April 2013. There is no partner in this well, and production began in January 2012.

**Example 3:** Deductions by Talisman are not taken.

**Example 4:** Deductions by Chesapeake range from a low of 27% in January 2013, to a high of 100% in March 2013. Chesapeake's partner in the well, StatOil, takes no deductions.

These statements point out that there is a wide range of deduction amounts on royalty owners' statements each month. Partners in the same well take different deductions.

It should be noted that at times the deductions have exceeded the total royalty payments and no check is received for that month (Example 1, March 2013; Example 4, March 2013). Is it proper for deductions to reduce a royalty check to zero?

Much greater transparency is needed to insure that royalty owners are being treated fairly by the purchasers of their gas.

# Gathering Fees Example 1

Date	Gross Royalty	Fees	Net Payment	Company	% Fees
10/23/2012	\$41,861.57	\$28,249.88	\$13,611.69	Chesapeake	67%
10/25/2012	\$22,168.59	\$0.00	\$22,168.59	StatOil	0%
11/21/2012	\$9,569.38	\$6,586.24	\$2,983.14	Chesapeake	69%
11/21/2012	\$5,009.05	\$0.00	\$5,009.05	StatOil	0%
12/21/2012	\$10,726.37	\$6,683.84	\$4,042.53	Chesapeake	62%
12/21/2012	\$5,791.57	\$0.00	\$5,791.57	StatOil	0%
3/??/2013	\$0.00	\$0.00	\$0.00	Chesapeake	No Check
3/25/2013	\$4,159.94	\$0.00	\$4,159.94	StatOil	0%
4/23/2013	\$14,481.50	\$12,790.51	\$1,690.99	Chesapeake	88%
4/25/2013	\$2,776.19	\$0.00	\$2,776.19	StatOil	0%
5/23/2013	\$6,470.74	\$5,322.97	\$1,147.77	Chesapeake	82%
5/25/2013	\$3,150.16	\$0.00	\$3,150.16	StatOil	0%

Notes: Bradford County

One well on the pad.

Well leased 2/3 Chesapeake and 1/3 StatOil

Chesapeake Appalachia, LLC  
 P.O. Box 18496  
 Oklahoma City, OK 73154  
 (877) 245-1427

# EXAMPLE 1

Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. When writing, refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER				
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

612 2	2.29	2 61	58274.07	.00	-976.00UA	134643.12	.06697713	3903.03	8952.64	.00	-65.37	9018.01	1027
612 2	.00	2 61	.00	.00	.002Q	.00	.06697713	.00	.00	.00	3458.19	-3458.19	
612 2	.00	2 61	.00	.00	.009T	.00	.06697713	.00	.00	.00	475.26	-475.26	
712 2	2.55	2 61	37669.13	.00	-944.35UA	97128.53	.06697713	2522.97	6442.14	.00	-63.25	6505.39	1027
712 2	.00	2 61	.00	.00	.002Q	.00	.06697713	.00	.00	.00	2209.92	-2209.92	
712 2	.00	2 61	.00	.00	.009T	.00	.06697713	.00	.00	.00	267.87	-267.87	
812 2	2.78	2 01	30461.89	.00	-199.02UA	84863.15	.06697713	2040.25	5670.56	.00	-13.33	5683.89	1027
812 2	.00	2 01	.00	.00	.002Q	.00	.06697713	.00	.00	.00	1780.91	-1780.91	
812 2	.00	2 01	.00	.00	.009T	.00	.06697713	.00	.00	.00	211.69	-211.69	
LEASE TOTAL									21065.34	.00	8261.89	12803.45	
STATE: PA COUNTY: BRADFORD													
612 2	2.29	2 61	56151.11	.00	-1053.79UA	129737.87	.06697713	3760.84	8618.89	.00	-70.58	8689.47	1026
612 2	.00	2 61	.00	.00	.002Q	.00	.06697713	.00	.00	.00	3332.21	-3332.21	
612 2	.00	2 61	.00	.00	.009T	.00	.06697713	.00	.00	.00	457.94	-457.94	
712 2	2.55	2 61	32928.11	.00	-824.76UA	84827.76	.06697713	2205.43	5626.28	.00	-55.24	5681.52	1026
712 2	.00	2 61	.00	.00	.002Q	.00	.06697713	.00	.00	.00	1930.05	-1930.05	
712 2	.00	2 61	.00	.00	.009T	.00	.06697713	.00	.00	.00	233.94	-233.94	
812 2	2.78	2 01	25669.06	.00	-167.67UA	71448.87	.06697713	1719.24	4774.21	.00	-11.23	4785.44	1026
812 2	.00	2 01	.00	.00	.002Q	.00	.06697713	.00	.00	.00	1499.40	-1499.40	
812 2	.00	2 01	.00	.00	.009T	.00	.06697713	.00	.00	.00	178.23	-178.23	
LEASE TOTAL									19019.38	.00	7494.72	11524.66	
STATE: PA COUNTY: BRADFORD													
612 2	2.29	2 61	21432.16	.00	-2013.59UA	51154.74	.00982822	210.64	482.97	.00	-19.79	502.76	1026

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING IT-INTEREST NE-NETTING EXPENSE FR-FIXED RATE ADJ RV-ROYALTY VOL ADJ UA-LINE VARIANCE
		1*- GATHERING 2*- GATHERING 3*- GATHERING 4*- PROCESSING 5*- COMPRESSION
		6*- MARKETING 7*- HANDLING 8*- TRANSPORTATION 9*- THIRD PARTY

**Total for check \$13,611.69**

OWNER NUMBER	CHECK NUMBER	CHECK DATE	10/23/2012
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CHESAPEAKE APPALACHIA, LLC  
 REVENUE DISTRIBUTION ACCOUNT  
 P.O. Box 18496 Oklahoma City, OK 73154  
 (877) 245-1427

Comerica Bank  
 74-378724

October 23, 2012

Owner No. 1038732

THIRTEEN THOUSAND SIX HUNDRED ELEVEN AND 69 /100 Dollars \*\*\*\*\*

\*\*\*\*\*\$13,611.69

PAY TO THE ORDER OF

VOID AFTER 90 DAYS  
 No Third Party Endorsements

*Jennifer M. Weisberg*

# EXAMPLE 1

Chesapeake Appalachia, LLC  
 P.O. Box 18496  
 Oklahoma City, OK 73154  
 (877) 245-1427

Retain this statement for tax purposes. No  
 duplicates furnished. State taxes have been  
 deducted and paid where required. When writing,  
 refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU
612	2	.00	2	61	.00	.00	.002Q	.00	.00982822	.00	.00	.00	192.80	-192.80	
612	2	.00	2	61	.00	.00	.009T	.00	.00982822	.00	.00	.00	26.50	-26.50	
712	2	2.55	2	61	20306.83	.00	-1131.44UA	52965.85	.00982822	199.58	509.44	.00	-11.12	520.56	1027
712	2	.00	2	61	.00	.00	.002Q	.00	.00982822	.00	.00	.00	176.84	-176.84	
712	2	.00	2	61	.00	.00	.009T	.00	.00982822	.00	.00	.00	21.43	-21.43	
812	2	2.78	2	01	16846.39	.00	-1495.69UA	48282.39	.00982822	165.57	459.83	.00	-14.70	474.53	1026
812	2	.00	2	01	.00	.00	.002Q	.00	.00982822	.00	.00	.00	148.69	-148.69	
812	2	.00	2	01	.00	.00	.009T	.00	.00982822	.00	.00	.00	17.67	-17.67	
1012	2	.00	2		.00	.00	11630.34BW	-11630.34	1.00000000	.00	.00	.00	11630.34	-11630.34	
<b>LEASE TOTAL</b>											1452.24	.00	12168.66	-10716.42	
<b>OWNER TOTAL</b>										41536.96	.00				
													11630.34 BW		
													14729.01 2*		
													1890.53 9*		
													-324.61 UA		
<b>CHECK TOTAL</b>														13611.69	

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING
		IT-INTEREST
		NE-NETTING EXPENSE
		FR-FIXED RATE ADJ
		RV-ROYALTY VOL ADJ
		UA-LINE VARIANCE
		1- GATHERING
		2- GATHERING
		3- GATHERING
		4- PROCESSING
		5- COMPRESSION
		6- MARKETING
		7- HANDLING
		8- TRANSPORTATION
		9- THIRD PARTY

**Total for check**

**\$13,611.69**

OWNER NUMBER	CHECK NUMBER	CHECK DATE	10/23/2012
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# EXAMPLE 1

AYMENT REFERENCE NUMBER

CHECK AMOUNT \$22,168.59

CHECK DATE 10/25/2012

OWNER #

## Interest Owner Statement

WELL	WC	WELL DESCRIPTION				STATE		COUNTY		API			INT TYPE	DOI/UNIT DECIMAL	
PROD MNTH	PROD CODE	LEASE GROSS VOLUME	UNIT PRICE	LEASE GROSS VALUE	LEASE GROSS TAXES	LEASE GROSS DEDUCT	LEASE NET VALUE	DISB DECIMAL	OWNER GROSS VOLUME	OWNER GROSS VALUE	OWNER TAXES	OWNER DEDUCT	OWNER NET VALUE	BTU	
06/2012	203	30,662.50	2.505	76,813.54	0.00	34,320.54	42,493.00	0.05956339	1,826.37	4,575.28	0.00	0.00	4,575.28	1027	
000613	01												0.05956339		
07/2012	203	19,821.34	2.813	55,765.63	0.00	22,188.21	33,577.42	0.05956339	1,180.63	3,321.59	0.00	0.00	3,321.59	1027	
000613	01												0.05956339		
08/2012	203	16,029.50	3.070	49,215.55	0.00	17,944.73	31,270.82	0.05956339	954.77	2,931.44	0.00	0.00	2,931.44	1027	
									WELL TOTAL	3,961.77	10,828.31	0.00	0.00	10,828.31	
06/2012	203	29,545.69	2.503	73,952.62	0.00	33,042.26	40,910.36	0.05956339	1,759.84	4,404.87	0.00	0.00	4,404.87	1026	
000614	01												0.05956339		
07/2012	203	17,325.80	2.811	48,702.48	0.00	19,377.84	29,324.64	0.05956339	1,032.02	2,900.88	0.00	0.00	2,900.88	1026	
000614	01												0.05956339		
08/2012	203	13,507.46	3.068	41,436.07	0.00	15,108.23	26,327.84	0.05956339	804.55	2,468.07	0.00	0.00	2,468.07	1026	
									WELL TOTAL	3,586.42	9,773.82	0.00	0.00	9,773.82	
06/2012	203	27,524.01	2.504	68,924.99	0.00	30,796.03	38,128.96	0.00750722	206.62	517.43	0.00	0.00	517.43	1026	
000616	01												0.00750722		
07/2012	203	26,083.89	2.813	73,363.89	0.00	29,190.24	44,173.65	0.00750722	195.82	550.76	0.00	0.00	550.76	1027	
000616	01												0.00750722		
08/2012	203	21,634.01	3.068	66,372.78	0.00	24,200.21	42,172.57	0.00750722	162.41	498.27	0.00	0.00	498.27	1026	
									WELL TOTAL	564.85	1,566.46	0.00	0.00	1,566.46	
									OWNER TOTAL				22,168.59		

This is not a payment. It is the detail for a payment that has been made. Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. In correspondence, please refer to well number and owner number.

PRODUCT CODES  
 1XX - OIL (BBL)  
 2XX - GAS (MCF)  
 3XX - CONDENSATE (BBL)  
 4XX - PLANT PRODUCTS (GALS)

INTEREST TYPES  
 RI - ROYALTY  
 OR - OVERRIDING ROYALTY  
 WI - WORKING INTEREST



Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

# EXAMPLE 1

Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. When writing, refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

STATE: PA COUNTY: BRADFORD															
912 2	2.39	2 01			31435.51	.00	-361.62UA	75457.40	.06697713	2105.46	5029.70	.00	-24.22	5053.92	1026
912 2	.00	2 01			.00	.00	.002Q	.00	.06697713	.00	.00	.00	1839.27	1839.27	
912 2	.00	2 01			.00	.00	.009T	.00	.06697713	.00	.00	.00	231.37	231.37	
LEASE TOTAL											5029.70	.00	2046.42	2983.28	
STATE: PA COUNTY: BRADFORD															
912 2	2.39	2 01			25963.64	.00	-299.65UA	62278.27	.06697713	1738.97	4151.15	.00	-20.07	4171.22	1025
912 2	.00	2 01			.00	.00	.002Q	.00	.06697713	.00	.00	.00	1518.02	1518.02	
912 2	.00	2 01			.00	.00	.009T	.00	.06697713	.00	.00	.00	190.96	190.96	
LEASE TOTAL											4151.15	.00	1688.91	2462.24	
STATE: PA COUNTY: BRADFORD															
912 2	2.39	2 01			14441.07	.00	-524.00UA	35025.67	.00982822	141.93	339.09	.00	-5.15	344.24	1026
912 2	.00	2 01			.00	.00	.002Q	.00	.00982822	.00	.00	.00	125.28	125.28	
912 2	.00	2 01			.00	.00	.009T	.00	.00982822	.00	.00	.00	15.76	15.76	
1112 2	.00	2			.00	.00	2665.58BW	-2665.58	1.00000000	.00	.00	.00	2665.58	2665.58	
LEASE TOTAL											339.09	.00	2801.47	-2462.38	
OWNER TOTAL											9519.94	.00			
													2665.58 BW		
													3482.57 2*		
													438.09 9*		
													-49.44 UA		
CHECK TOTAL															2983.14

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING IT-INTEREST NE-NETTING EXPENSE FR-FIXED RATE ADJ RV-ROYALTY VOL ADJ UA-LINE VARIANCE
		1*- GATHERING 2*- GATHERING 3*- GATHERING 4*- PROCESSING 5*- COMPRESSION
		6*- MARKETING 7*- HANDLING 8*- TRANSPORTATION 9*- THIRD PARTY

Total for check

\$2,983.14

OWNER NUMBER

CHECK NUMBER

CHECK DATE

11/21/2012



## EXAMPLE 1

PAYMENT REFERENCE NUMBER

CHECK AMOUNT \$5,009.05

CHECK DATE 11/21/2012

OWNER #

## Interest Owner Statement

WELL	WC	WELL DESCRIPTION				STATE		COUNTY		API			INT TYPE	DO/UNIT DECIMAL	
PROD MNTH	PROD CODE	LEASE GROSS VOLUME	UNIT PRICE	LEASE GROSS VALUE	LEASE GROSS TAXES	LEASE GROSS DEDUCT	LEASE NET VALUE	DISB DECIMAL	OWNER GROSS VOLUME	OWNER GROSS VALUE	OWNER TAXES	OWNER DEDUCT	OWNER NET VALUE	BTU	
09/2012	203	16,539.84	2.585	42,759.82	0.00	0.00	42,759.82	0.05956339	985.17	2,546.92	0.00	0.00	2,546.92	1026	
								WELL TOTAL	985.17	2,546.92	0.00	0.00	2,546.92		
000614	01	FEUSNER 5H				PENNSYLVANIA		BRADFORD							
09/2012	203	13,660.43	2.583	35,291.71	0.00	0.00	35,291.71	0.05956339	813.66	2,102.09	0.00	0.00	2,102.09	1025	
								WELL TOTAL	813.66	2,102.09	0.00	0.00	2,102.09		
000616	01	FAUSTO BRA 5H				PENNSYLVANIA		BRADFORD							
09/2012	203	18,549.65	2.585	47,959.17	0.00	0.00	47,959.17	0.00750722	139.26	360.04	0.00	0.00	360.04	1026	
								WELL TOTAL	139.26	360.04	0.00	0.00	360.04		
<b>OWNER TOTAL</b>													<b>5,009.05</b>		

This is not a payment. It is the detail for a payment that has been made. Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. In correspondence, please refer to well number and owner number.

PRODUCT CODES  
 1XX - OIL (BBL)  
 2XX - GAS (MCF)  
 3XX - CONDENSATE (BBL)  
 4XX - PLANT PRODUCTS (GALS)

INTEREST TYPES  
 RI - ROYALTY  
 OR - OVERRIDING ROYALTY  
 WI - WORKING INTEREST

Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

# EXAMPLE 1

Retain this statement for tax purposes. No  
duplicates furnished. State taxes have been  
deducted and paid where required. When writing,  
refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

STATE: PA COUNTY: BRADFORD															
1012	2	2.79	2	01	29742.69	.00	-136.32	UA	82973.70	.06697713	1992.08	5548.21	.00	-9.13	5557.34 1026
1012	2	.00	2	01	.00	.00	.002Q	.00	.06697713	.00	.00	.00	.00	1730.06	-1730.06
1012	2	.00	2	01	.00	.00	.009T	.00	.06697713	.00	.00	.00	.00	179.46	-179.46
LEASE TOTAL											5548.21	.00	1900.39	3647.82	

STATE: PA COUNTY: BRADFORD															
1012	2	2.78	2	01	25372.54	.00	-116.46	UA	70732.95	.06697713	1699.38	4729.69	.00	-7.80	4737.49 1025
1012	2	.00	2	01	.00	.00	.002Q	.00	.06697713	.00	.00	.00	.00	1474.84	-1474.84
1012	2	.00	2	01	.00	.00	.009T	.00	.06697713	.00	.00	.00	.00	152.98	-152.98
LEASE TOTAL											4729.69	.00	1620.02	3109.67	

STATE: PA COUNTY: BRADFORD															
1012	2	2.79	2	01	15708.85	.00	-149.57	UA	43908.26	.00982822	154.39	430.07	.00	-1.47	431.54 1026
1012	2	.00	2	01	.00	.00	.002Q	.00	.00982822	.00	.00	.00	.00	134.33	-134.33
1012	2	.00	2	01	.00	.00	.009T	.00	.00982822	.00	.00	.00	.00	13.94	-13.94
1212	2	.00	2		.00	.00	2998.23	BW	-2998.23	1.00000000	.00	.00	.00	2998.23	-2998.23
LEASE TOTAL											430.07	.00	3145.03	-2714.96	

OWNER TOTAL

10707.97

.00

2998.23 BW

3339.23 2\*

346.38 9\*

-18.40 UA

CHECK TOTAL

4042.53

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING
		IT-INTEREST
		NE-NETTING EXPENSE
		FR-FIXED RATE ADJ
		RV-ROYALTY VOL ADJ
		UA-LINE VARIANCE
		1*- GATHERING
		2*- GATHERING
		3*- GATHERING
		4*- PROCESSING
		5*- COMPRESSION
		6*- MARKETING
		7*- HANDLING
		8*- TRANSPORTATION
		9*- THIRD PARTY

Total for check

\$4,042.53

OWNER NUMBER

CHECK NUMBER

CHECK DATE

12/21/2012

**EXAMPLE 1**

PAYMENT REFERENCE NUMBER

CHECK AMOUNT \$5,701.57

CHECK DATE 12/21/2012

OWNER #

**Interest Owner Statement**

WELL	WC	WELL DESCRIPTION				STATE		COUNTY		API			INT TYPE	DOI/UNIT DECIMAL	
PROD MNTH	PROD CODE	LEASE GROSS VOLUME	UNIT PRICE	LEASE GROSS VALUE	LEASE GROSS TAXES	LEASE GROSS DEDUCT	LEASE NET VALUE	DISB DECIMAL	OWNER GROSS VOLUME	OWNER GROSS VALUE	OWNER TAXES	OWNER DEDUCT	OWNER NET VALUE	BTU	
						PENNSYLVANIA		BRADFORD							
10/2012	203	15,649.23	3.036	47,505.59	0.00	0.00	47,505.59	0.05956339	932.13	2,829.59	0.00	0.00	2,829.59	1026	
								WELL TOTAL	932.13	2,829.59	0.00	0.00	2,829.59		
						PENNSYLVANIA		BRADFORD							
10/2012	203	13,349.01	3.034	40,496.33	0.00	0.00	40,496.33	0.05956339	795.11	2,412.10	0.00	0.00	2,412.10	1025	
								WELL TOTAL	795.11	2,412.10	0.00	0.00	2,412.10		
						PENNSYLVANIA		BRADFORD							
10/2012	203	20,175.58	3.036	61,258.21	0.00	23,005.02	38,253.19	0.00750722	151.46	459.88	0.00	0.00	459.88	1026	
								WELL TOTAL	151.46	459.88	0.00	0.00	459.88		
								<b>OWNER TOTAL</b>					<b>5,701.57</b>		

This is not a payment. It is the detail for a payment that has been made. Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. In correspondence, please refer to well number and owner number.

PRODUCT CODES  
 1XX - OIL (BBL)  
 2XX - GAS (MCF)  
 3XX - CONDENSATE (BBL)  
 4XX - PLANT PRODUCTS (GALS)

INTEREST TYPES  
 RI - ROYALTY  
 OR - OVERRIDING ROYALTY  
 WI - WORKING INTEREST



## EXAMPLE 1

PAYMENT REFERENCE NUMBER

CHECK AMOUNT \$4,159.94

CHECK DATE 03/25/2013

OWNER #

## Interest Owner Statement

WELL	WC	WELL DESCRIPTION				STATE		COUNTY		API			INT TYPE	DOI/UNIT DECIMAL	
PROD MNTH	PROD CODE	LEASE GROSS VOLUME	UNIT PRICE	LEASE GROSS VALUE	LEASE GROSS TAXES	LEASE GROSS DEDUCT	LEASE NET VALUE	DISB DECIMAL	OWNER GROSS VOLUME	OWNER GROSS VALUE	OWNER TAXES	OWNER DEDUCT	OWNER NET VALUE	BTU	
01/2013	203	8,993.32	3.303	29,704.40	0.00	0.00	29,704.40	0.05956339	535.67	1,769.29	0.00	0.00	1,769.29	1026	
								WELL TOTAL	535.67	1,769.29	0.00	0.00	1,769.29		
01/2013	203	10,228.14	3.300	33,757.88	0.00	0.00	33,757.88	0.05956339	609.22	2,010.73	0.00	0.00	2,010.73	1025	
								WELL TOTAL	609.22	2,010.73	0.00	0.00	2,010.73		
01/2013	203	15,321.25	3.303	50,607.29	0.00	0.00	50,607.29	0.00750722	115.02	379.92	0.00	0.00	379.92	1026	
								WELL TOTAL	115.02	379.92	0.00	0.00	379.92		
								OWNER TOTAL					4,159.94		

No Chesapeake Check  
For March 2013

This is not a payment. It is the detail for a payment that has been made. Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. In correspondence, please refer to well number and owner number.

PRODUCT CODES  
 1XX - OIL (BBL)  
 2XX - GAS (MCF)  
 3XX - CONDENSATE (BBL)  
 4XX - PLANT PRODUCTS (GALS)

INTEREST TYPES  
 RI - ROYALTY  
 OR - OVERRIDING ROYALTY  
 WI - WORKING INTEREST

Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

# EXAMPLE 1

Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. When writing, refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

STATE: PA COUNTY: BRADFORD

113 2	3.27	2 01	17092.55	.00	-1715.36UA	57560.99	.06697713	1144.81	3740.38	.00	-114.89	3855.27	1026
113 2	.00	2 01	.00	.00	.002Q	.00	.06697713	.00	.00	.00	3266.17	-3266.17	
113 2	.00	2 01	.00	.00	.009T	.00	.06697713	.00	.00	.00	88.15	-88.15	
213 2	3.16	2 01	11796.41	.00	-2696.89UA	39908.85	.06697713	790.09	2492.35	.00	-180.63	2672.98	1026
213 2	.00	2 01	.00	.00	.002Q	.00	.06697713	.00	.00	.00	2344.56	-2344.56	
213 2	.00	2 01	.00	.00	.009T	.00	.06697713	.00	.00	.00	68.15	-68.15	
LEASE TOTAL									6232.73	.00	5471.51	761.22	

STATE: PA COUNTY: BRADFORD

113 2	3.27	2 01	19440.52	.00	-1944.84UA	65414.87	.06697713	1302.07	4251.04	.00	-130.26	4381.30	1025
113 2	.00	2 01	.00	.00	.002Q	.00	.06697713	.00	.00	.00	3711.82	-3711.82	
113 2	.00	2 01	.00	.00	.009T	.00	.06697713	.00	.00	.00	100.17	-100.17	
213 2	3.15	2 01	12561.60	.00	-2875.46UA	42473.15	.06697713	841.34	2652.14	.00	-192.59	2844.73	1025
213 2	.00	2 01	.00	.00	.002Q	.00	.06697713	.00	.00	.00	2495.22	-2495.22	
213 2	.00	2 01	.00	.00	.009T	.00	.06697713	.00	.00	.00	72.53	-72.53	
LEASE TOTAL									6903.18	.00	6056.89	846.29	

STATE: PA COUNTY: BRADFORD

113 2	3.27	2 01	11928.91	.00	.00	38973.49	.00982822	117.24	383.04	.00	.00	383.04	1026
113 2	.00	2 01	.00	.00	.002Q	.00	.00982822	.00	.00	.00	324.33	-324.33	
113 2	.00	2 01	.00	.00	.009T	.00	.00982822	.00	.00	.00	8.75	-8.75	
213 2	3.16	2 01	10531.92	.00	-1794.83UA	35019.57	.00982822	103.51	326.54	.00	-17.64	344.18	1026
213 2	.00	2 01	.00	.00	.002Q	.00	.00982822	.00	.00	.00	301.89	-301.89	
213 2	.00	2 01	.00	.00	.009T	.00	.00982822	.00	.00	.00	8.77	-8.77	

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING
		IT-INTEREST
		NE-NETTING EXPENSE
		FR-FIXED RATE ADJ
		RV-ROYALTY VOL ADJ
		UA-LINE VARIANCE
		1*- GATHERING
		2*- GATHERING
		3*- GATHERING
		4*- PROCESSING
		5*- COMPRESSION
		6*- MARKETING
		7*- HANDLING
		8*- TRANSPORTATION
		9*- THIRD PARTY

Total for check

\$1,690.99

OWNER NUMBER

CHECK NUMBER

CHECK DATE

04/23/2013

Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

# EXAMPLE 1

Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. When writing, refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU
					LEASE TOTAL					709.58	.00	626.10	83.48		
					OWNER TOTAL					13845.49	.00				
												12443.99 2*			
												346.52 9*			
												-636.01 UA			
CHECK TOTAL														1690.99	

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING
		IT-INTEREST
		NE-NETTING EXPENSE
		FR-FIXED RATE ADJ
		RV-ROYALTY VOL ADJ
		UA-LINE VARIANCE
		1*- GATHERING
		2*- GATHERING
		3*- GATHERING
		4*- PROCESSING
		5*- COMPRESSION
		6*- MARKETING
		7*- HANDLING
		8*- TRANSPORTATION
		9*- THIRD PARTY

**Total for check**

**\$1,690.99**

OWNER NUMBER

CHECK NUMBER

CHECK DATE

04/23/2013



# EXAMPLE 1

AYMENT REFERENCE NUMBER

CHECK AMOUNT \$2,776.19

CHECK DATE 04/25/2013

OWNER #

## Interest Owner Statement

WELL	WC	WELL DESCRIPTION				STATE		COUNTY		API			INT TYPE	DOI/UNIT DECIMAL	
		PROD MNTH	PROD CODE	LEASE GROSS VOLUME	UNIT PRICE	LEASE GROSS VALUE	LEASE GROSS TAXES	LEASE GROSS DEDUCT	LEASE NET VALUE	DISB DECIMAL	OWNER GROSS VOLUME	OWNER GROSS VALUE	OWNER TAXES	OWNER DEDUCT	OWNER NET VALUE
02/2013	203	6,207.90	3.210	19,930.09	0.00	0.00	19,930.09	0.05956339	369.76	1,187.11	0.00	0.00	1,187.11	102	
								WELL TOTAL	369.76	1,187.11	0.00	0.00	1,187.11		
02/2013	203	6,610.04	3.208	21,205.85	0.00	0.00	21,205.85	0.05956339	393.71	1,263.09	0.00	0.00	1,263.09	102	
								WELL TOTAL	393.71	1,263.09	0.00	0.00	1,263.09		
02/2013	203	13,524.98	3.210	43,423.37	0.00	0.00	43,423.37	0.00750722	101.54	325.99	0.00	0.00	325.99	102	
								WELL TOTAL	101.54	325.99	0.00	0.00	325.99		
								<b>OWNER TOTAL</b>					<b>2,776.19</b>		

This is not a payment. It is the detail for a payment that has been made. Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. In correspondence, please refer to well number and owner number.

PRODUCT CODES  
 1XX - OIL (BBL)  
 2XX - GAS (MCF)  
 3XX - CONDENSATE (BBL)  
 4XX - PLANT PRODUCTS (GALS)

INTEREST TYPES  
 RI - ROYALTY  
 OR - OVERRIDING ROYALTY  
 WI - WORKING INTEREST



Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

# EXAMPLE 1

Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. When writing, refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER				
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

313 2	3.44	2 01	15092.47		.00	-1897.81UA	53744.46	.06697713	1010.85	3472.54	.00	-127.11	3599.65	1025
313 2	.00	2 01	.00		.00	.002Q	.00	.06697713	.00	.00	.00	2887.23	2887.23	
313 2	.00	2 01	.00		.00	.009T	.00	.06697713	.00	.00	.00	73.94	-73.94	
LEASE TOTAL										3472.54	.00	2834.06	638.48	

313 2	3.43	2 01	10570.92		.00	-1340.91UA	37626.87	.06697713	708.01	2430.33	.00	-89.81	2520.14	1024
313 2	.00	2 01	.00		.00	.002Q	.00	.06697713	.00	.00	.00	2021.37	-2021.37	
313 2	.00	2 01	.00		.00	.009T	.00	.06697713	.00	.00	.00	51.77	-51.77	
LEASE TOTAL										2430.33	.00	1983.33	447.00	

313 2	3.44	2 01	10088.30		.00	-1058.18UA	35708.40	.00982822	99.15	340.55	.00	-10.40	350.95	1025
313 2	.00	2 01	.00		.00	.002Q	.00	.00982822	.00	.00	.00	281.46	-281.46	
313 2	.00	2 01	.00		.00	.009T	.00	.00982822	.00	.00	.00	7.20	-7.20	
LEASE TOTAL										340.55	.00	278.26	62.29	

OWNER TOTAL

6243.42 .00

5190.06 2\*

132.91 9\*

-227.32 UA

CHECK TOTAL

1147.77

INTEREST TYPE (IT)      PRODUCT CODE (PC)      DEDUCT CODE

2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING	1*- GATHERING	6*- MARKETING
		IT-INTEREST	2*- GATHERING	7*- HANDLING
		NE-NETTING EXPENSE	3*- GATHERING	8*- TRANSPORTATION
		FR-FIXED RATE ADJ	4*- PROCESSING	9*- THIRD PARTY
		RV-ROYALTY VOL ADJ	5*- COMPRESSION	
		UA-LINE VARIANCE		

Total for check

\$1,147.77

OWNER NUMBER

CHECK NUMBER

CHECK DATE

05/23/2013

**EXAMPLE 1**

PAYMENT REFERENCE NUMBER  
 CHECK AMOUNT \$3,150.16  
 CHECK DATE 05/25/2013  
 OWNER #

**Interest Owner Statement**

WELL	WC	WELL DESCRIPTION				STATE		COUNTY		API		INT TYPE	DOI/UNIT DECIMAL	
PROD MNTH	PROD CODE	LEASE GROSS VOLUME	UNIT PRICE	LEASE GROSS VALUE	LEASE GROSS TAXES	LEASE GROSS DEDUCT	LEASE NET VALUE	DISB DECIMAL	OWNER GROSS VOLUME	OWNER GROSS VALUE	OWNER TAXES	OWNER DEDUCT	OWNER NET VALUE	BTU
							PENNSYLVANIA	BRADFORD						
03/2013	203	7,939.90	3.496	27,756.96	0.00	0.00	27,756.96	0.05956339	472.93	1,653.30	0.00	0.00	1,653.30	1025
									WELL TOTAL	472.93	1,653.30	0.00	0.00	1,653.30
							PENNSYLVANIA	BRADFORD						
03/2013	203	5,560.99	3.493	19,425.02	0.00	0.00	19,425.02	0.05956339	331.23	1,157.02	0.00	0.00	1,157.02	1024
									WELL TOTAL	331.23	1,157.02	0.00	0.00	1,157.02
							PENNSYLVANIA	BRADFORD						
03/2013	203	12,951.53	3.495	45,267.76	0.00	0.00	45,267.76	0.00750722	97.23	339.84	0.00	0.00	339.84	1025
									WELL TOTAL	97.23	339.84	0.00	0.00	339.84
									<b>OWNER TOTAL</b>				<b>3,150.16</b>	

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PRODUCT CODES  
 1XX - OIL (BBL)  
 2XX - GAS (MCF)  
 3XX - CONDENSATE (BBL)  
 4XX - PLANT PRODUCTS (GALS)

INTEREST TYPES  
 RI - ROYALTY  
 OR - OVERRIDING ROYALTY  
 WI - WORKING INTEREST

# Gathering Fees Example 2

Date	Gross Royalty	Fees	Net Payment	Company	% Fees
1/25/2012	\$551.73	\$49.76	\$501.97	SouthWestern	9%
2/25/2012	\$671.30	\$45.32	\$625.98	SouthWestern	7%
3/25/2012	\$326.13	\$25.60	\$300.53	SouthWestern	8%
3/25/2013	\$611.63	\$86.31	\$525.32	SouthWestern	14%
4/25/2013	\$506.85	\$74.17	\$432.68	SouthWestern	15%
5/25/2013	\$408.10	\$56.52	\$351.58	SouthWestern	14%

**Notes:**

Bradford County

Initial Royalty Check was 1/25/2012

Well leased 100% to SouthWestern

Owner has only 3 acres in this pool

# EXAMPLE 2

## Statement of Oil & Gas Payments for

SOUTHWESTERN ENERGY PROD CO  
 ATTN: REVENUE ACCOUNTING  
 2350 NORTH SAM HOUSTON PKWY E  
 HOUSTON TX 77032-0000  
 (866) 322-0801

### Royalty Account

Owner No. [REDACTED] Check No. [REDACTED] Check Date 01/25/2012 Net Amount \$501.97

Property Number / Property Name	State / County	Taxes			Deductions			Net Value						
		Volume MCF/IBBL	Price \$	Value \$	Severance	Code	Production		Code	Gathering GA	Treating TT	Marketing MC	Other	Code
PENNSYLVANIA / BRADFORD														
11-11	GAS	64,614.20	3.250	209,982.46										
11-11	Gross Owner	0.00080675	0.00080675	0.00080675	5,517.57	14,213.09	3,249.45	-1,981.49	CF	188,993.84				
	Owner Subtotal for Period: 11-11	52.13		169.41	4.45	11.47		-1.60	CF	155.09				
	Owner Total Net for Property:	52.13		169.41	4.45	11.47		-1.60		155.09				
PENNSYLVANIA / BRADFORD														
11-11	GAS	56,523.30	3.252	183,806.81										
11-11	Gross Owner	0.00080675	0.00080675	0.00080675	4,789.72	12,435.06	2,844.25	-1,734.40	CF	165,472.18				
	Owner Subtotal for Period: 11-11	45.60		148.29	3.86	10.03		-1.40	CF	135.80				
	Owner Total Net for Property:	45.60		148.29	3.86	10.03		-1.40		135.80				
PENNSYLVANIA / BRADFORD														
11-11	GAS	87,231.00	3.252	283,682.80										
11-11	Gross Owner	0.00080675	0.00080675	0.00080675	5,531.27	18,182.64	4,389.80	-2,876.93	CF	257,256.02				
	Owner Subtotal for Period: 11-11	70.37		228.87	4.47	15.48		-2.16	CF	211.08				
	Owner Total Net for Property:	70.37		228.87	4.47	15.48		-2.16		211.08				

↑  
 QUALITY  
 BONUS

# EXAMPLE 2

## Statement of Oil & Gas Payments for

SOUTHWESTERN ENERGY PROD CO  
 ATTN: REVENUE ACCOUNTING  
 2350 NORTH SAM HOUSTON PKWY E  
 HOUSTON TX 77032-0000  
 (866) 322-0801

### Royalty Account

Owner No. [REDACTED] Check No. [REDACTED] Check Date 02/25/2012 Net Amount \$625.98

Property Number / Property Name	State / County				Taxes			Deductions				Net Value						
	Prod mm-yy	Product	Payee/ Interest type	BTU Factor	Volume MCF/BBL	Price \$	Value \$	Severance	Code	Production	Code		Compress CCICM	Gathering GA	Treating TT	Marketing MC	Other	Code
PENNSYLVANIA / BRADFORD																		
12-11	GAS	Gross			46,485.40	3.235	150,373.43						10,225.32		2,337.75	-1,023.14	CF	138,833.50
12-11		Roy. Int			37.50		121.32						8.25			-0.82	CF	113.89
Owner Subtotal for Period: 12-11					37.50		121.32					8.25				-0.82		113.89
Owner Total Net for Property:					37.50		121.32					8.25				-0.82		113.89
PENNSYLVANIA / BRADFORD																		
12-11	GAS	Gross			106,776.60	3.237	345,612.85						23,490.76		5,373.00	-2,351.55	CF	319,100.64
12-11		Roy. Int			86.14		278.82						18.95			-1.90	CF	261.77
Owner Subtotal for Period: 12-11					86.14		278.82					18.95				-1.90		261.77
Owner Total Net for Property:					86.14		278.82					18.95				-1.90		261.77
PENNSYLVANIA / BRADFORD																		
12-11	GAS	Gross			102,095.40	3.237	330,493.50						22,463.12		5,137.95	-2,248.68	CF	305,141.11
12-11		Roy. Int			82.37		266.62						18.12			-1.82	CF	250.32
Owner Subtotal for Period: 12-11					82.37		266.62					18.12				-1.82		250.32
Owner Total Net for Property:					82.37		266.62					18.12				-1.82		250.32

Quality Bonus



Statement of Oil & Gas Payments for

EXAMPLE 2

SOUTHWESTERN ENERGY PROD CO  
 ATTN: REVENUE ACCOUNTING  
 2350 NORTH SAM HOUSTON PKWY E  
 HOUSTON TX 77032-0000  
 (866) 322-0801

Royalty Account

Owner No. : Check No. : Check Date : Net Amount  
 : : 03/25/2012 : \$300.53

Property Number / Property Name				State / County				Taxes				Deductions				Net Value					
Prod mm-yy	Product	Payee/ Interest type	BTU Factor	Share	Lease Interest	Settlement Interest	Volume MCF/BBL	Price \$	Value \$	Severance	Code	Production	Code	Compressor CC/CM	Gathering GA	Treating TT	Marketing MC	Other	Code	Net Value	
PENNSYLVANIA / BRADFORD																					
11-11	GAS	Gross																			
11-11		Roy Int																			
Owner Subtotal for Period: 11-11																					
01-12	GAS	Gross					14,045.70	2.776	36,984.67						3,090.23		706.50				
01-12		Roy Int					11.33		31.45						2.50						
Owner Subtotal for Period: 01-12																					
Owner Total Net for Property:																					
PENNSYLVANIA / BRADFORD																					
11-11	GAS	Gross																			
11-11		Roy Int																			
Owner Subtotal for Period: 11-11																					
01-12	GAS	Gross					68,882.40	2.777	191,300.78						15,157.07		3,466.85				
01-12		Roy Int					55.57		154.33						12.22						
Owner Subtotal for Period: 01-12																					
Owner Total Net for Property:																					
PENNSYLVANIA / BRADFORD																					
11-11	GAS	Gross																			
11-11		Roy Int																			
Owner Subtotal for Period: 11-11																					
01-12	GAS	Gross					61,324.40	2.777	170,293.76						13,492.65		3,086.15				
01-12		Roy Int					49.47		137.38						10.88						
Owner Subtotal for Period: 01-12																					
Owner Total Net for Property:																					

↑  
Quality Bonus



Statement of Oil & Gas Payments  
for

**EXAMPLE 2**

**SOUTHWESTERN ENERGY PROD CO**  
 ATTN: REVENUE ACCOUNTING  
 2350 NORTH SAM HOUSTON PKWY E  
 HOUSTON TX 77032-0000  
 (866) 322-0801

**Royalty Account**

Owner No. [REDACTED] Check No. [REDACTED] Check Date **03/25/2013** Net Amount **\$525.32**

Property Number / Property Name	State / County				Taxes				Deductions				Net Value					
	Prod mm-yy	Product	Payee/ Interest type	BTU Factor	Volume MCF/BBL	Price \$	Value \$	Severance	Code	Production	Code	Compresson CC/CM		Gathering GA	Treating TT	Marketing MC	Other	Code
<b>PENNSYLVANIA / BRADFORD</b>																		
01-13	GAS				70,872.90	3.15	223,430.19					8,502.00	23,391.17		3,560.30	-2,434.27	CF	190,410.99
01-13		Roy. Int			57.18		180.25					6.86	18.87			-1.96	CF	156.48
Owner Subtotal for Period: 01-13					57.18		180.25					6.86	18.87			-1.96		156.48
Owner Total Net for Property:					57.18		180.25					6.86	18.87			-1.96		156.48
<b>PENNSYLVANIA / BRADFORD</b>																		
01-13	GAS				88,389.00	3.16	278,900.22					10,603.86	29,171.73		4,444.20	-3,036.62	CF	237,719.05
01-13		Roy. Int			71.31		225.00					8.56	23.53			-2.45	CF	195.36
Owner Subtotal for Period: 01-13					71.31		225.00					8.56	23.53			-2.45		195.36
Owner Total Net for Property:					71.31		225.00					8.56	23.53			-2.45		195.36
<b>PENNSYLVANIA / BRADFORD</b>																		
01-13	GAS				78,501.10	3.15	247,650.86					9,423.65	25,903.18		3,946.25	-2,696.16	CF	211,075.94
01-13		Roy. Int			63.33		199.79					7.60	20.89			-2.18	CF	173.48
Owner Subtotal for Period: 01-13					63.33		199.79					7.60	20.89			-2.18		173.48
Owner Total Net for Property:					63.33		199.79					7.60	20.89			-2.18		173.48

Quality  
Bonus



Statement of Oil & Gas Payments  
for

**EXAMPLE 2**

SOUTHWESTERN ENERGY PROD CO  
ATTN: REVENUE ACCOUNTING  
2350 NORTH SAM HOUSTON PKWY E  
HOUSTON TX 77032-0000  
(866) 322-0801

**Royalty Account**

Owner No. [REDACTED] Check No. [REDACTED] Check Date 04/25/2013 Net Amount \$432.68

Property Number / Property Name				State / County				Taxes				Deductions				Net Value				
Prod mm-yy	Product	Payee/ Interest type	BTU Factor	Share	Lease Interest	Settlement Interest	Volume MCF/BBL	Price \$	Value \$	Severance	Code	Production	Code	Compression CC/CM	Gathering GA	Treating TT	Marketing MC	Other	Code	Net Value
PENNSYLVANIA / BRADFORD																				
02-13	GAS	Gross					60,741.60	3.04	184,521.40					7,292.01	20,045.40		3,051.05	-2,171.82	CF	156,304.76
02-13		Roy. Int			0.00080675	0.00080675	49.00		148.87					5.88	16.17			-1.75	CF	128.57
Owner Subtotal for Period: 02-13																				
Owner Total Net for Property: 148.87																				
PENNSYLVANIA / BRADFORD																				
02-13	GAS	Gross					76,259.80	3.04	231,824.27					9,153.68	25,168.79		3,833.20	-2,728.57	CF	196,397.17
02-13		Roy. Int			0.00080675	0.00080675	61.52		187.03					7.38	20.31			-2.21	CF	161.55
Owner Subtotal for Period: 02-13																				
Owner Total Net for Property: 187.03																				
PENNSYLVANIA / BRADFORD																				
02-13	GAS	Gross					67,303.00	3.04	204,575.91					8,077.77	22,210.48		3,382.65	-2,407.86	CF	173,312.87
02-13		Roy. Int			0.00080675	0.00080675	54.29		165.04					6.51	17.92			-1.95	CF	142.56
Owner Subtotal for Period: 02-13																				
Owner Total Net for Property: 165.04																				

↑  
Quality  
Bonus





Statement of Oil & Gas Payments  
for

**EXAMPLE 2**

SOUTHWESTERN ENERGY PROD CO  
ATTN: REVENUE ACCOUNTING  
2350 NORTH SAM HOUSTON PKWY E  
HOUSTON TX 77032-0000  
(866) 322-0801

**Royalty Account**

Owner No.            Check No.            Check Date **05/25/2013** Net Amount **\$351.58**

Property Number / Property Name				State / County				Taxes				Deductions				Net Value					
Prod mm-yy	Product	Payee/ Interest type	BTU Factor	Share	Lease Interest	Settlement Interest	Volume MCF/IBBL	Price \$	Value \$	Severance	Code	Production	Code	Compression CC/CM	Gathering GA	Treating TT	Marketing MC	Other	Code	Net Value	
<b>PENNSYLVANIA / BRADFORD</b>																					
03-13	GAS	Gross					47,416.60	3.20	151,949.23					5,691.78	15,646.45		2,381.50	-2,047.82	CF	130,277.32	
03-13		Roy. Int					38.26		122.59					5.59	12.63				-1.65	CF	107.02
Owner Subtotal for Period: 03-13																					
Owner Total Net for Property: <b>122.59</b>																					
<b>PENNSYLVANIA / BRADFORD</b>																					
03-13	GAS	Gross					56,325.50	3.21	180,641.88					6,760.91	18,589.66		2,831.20	-2,434.51	CF	154,894.62	
03-13		Roy. Int					45.44		145.73					5.45	15.00				-1.96	CF	127.24
Owner Subtotal for Period: 03-13																					
Owner Total Net for Property: <b>145.73</b>																					
<b>PENNSYLVANIA / BRADFORD</b>																					
03-13	GAS	Gross					51,930.80	3.21	166,547.58					6,233.40	17,139.23		2,610.30	-2,244.56	CF	142,809.21	
03-13		Roy. Int					41.90		134.36					5.02	13.83				-1.81	CF	117.32
Owner Subtotal for Period: 03-13																					
Owner Total Net for Property: <b>134.36</b>																					

Quality Bonus

# Gathering Fees Example 3

Date	Gross Royalty	Fees	Net Payment	Company	% Fees
3/1/2013	\$4,129.29	\$0.00	\$4,129.29	Talisman	0%

Notes: Bradford County  
Provided only 1 month since all are the same  
Well Leased 100% to Talisman Energy



TALISMAN ENERGY USA INC.  
US Royalty Owner Report

EXAMPLE 3

GL Month: 2013-03  
State:PA

Royalty Paid To:

Product	Royalty Sub Type	TAX ID	Royalty Rate	DSU %	Base Volume	Royalty Factor	Royalty Volume	Price	Royalty Value	Total Deductions	Tax	Royalty Volume Payable	Royalty Value Payable	Previous Royalty Value	Net Royalty Payable
GAS	Freehold		0.125000%		60,904.1		0.15591	3.237	0.50	0.00			0.50	0.00	0.50
GAS	Freehold		0.125000%	0.00393%	60,904.1	0.000491%	29.89234	3.237	96.76	0.00			96.76	0.00	96.76
GAS	Freehold		0.125000%	0.00627%	60,904.1	0.000784%	47.74211	3.237	154.54	0.00			154.54	0.00	154.54
GAS	Freehold		0.125000%	0.00984%	60,904.1	0.001230%	74.90534	3.237	242.47	0.00			242.47	0.00	242.47
GAS	Freehold		0.125000%	0.01051%	60,904.1	0.001314%	80.03225	3.237	259.06	0.00			259.06	0.00	259.06
Well/Tract Sub-Total															
Processing Facility Sub-Total															
2013-02															
Well/Tract Sub-Total															
GAS	Freehold		100.000000%		55,534.6		2.14974	3.237	6.96	0.00			6.96	0.00	6.96
GAS	Freehold		100.000000%		55,534.6		5.48071	3.237	17.74	0.00			17.74	0.00	17.74
GAS	Freehold		100.000000%	0.00026%	55,534.6	0.000260%	14.41845	3.237	46.67	0.00			46.67	0.00	46.67
GAS	Freehold		100.000000%	0.00053%	55,534.6	0.000526%	29.22009	3.237	94.59	0.00			94.59	0.00	94.59
GAS	Freehold		100.000000%	0.00077%	55,534.6	0.000774%	42.97378	3.237	139.11	0.00			139.11	0.00	139.11
Well/Tract Sub-Total															
Well/Tract Sub-Total															
GAS	Freehold		100.000000%		112,402.2		4.35109	3.237	14.08	0.00			14.08	0.00	14.08
GAS	Freehold		100.000000%		112,402.2		11.09297	3.237	35.91	0.00			35.91	0.00	35.91
GAS	Freehold		100.000000%	0.00026%	112,402.2	0.000260%	29.18298	3.237	94.47	0.00			94.47	0.00	94.47
GAS	Freehold		100.000000%	0.00053%	112,402.2	0.000526%	59.14154	3.237	191.44	0.00			191.44	0.00	191.44
GAS	Freehold		100.000000%	0.00077%	112,402.2	0.000774%	86.97907	3.237	281.55	0.00			281.55	0.00	281.55
Well/Tract Sub-Total															
Well/Tract Sub-Total															
GAS	Freehold		100.000000%		59,999.0		2.32256	3.237	7.52	0.00			7.52	0.00	7.52
GAS	Freehold		100.000000%		59,999.0		5.92130	3.237	19.17	0.00			19.17	0.00	19.17

\* Indicate a financial transaction that has been reversed in a subsequent GL month.  
Date Created: 4/2/2013 3:38:34PM  
Created By: 0

# EXAMPLE 3

## TALISMAN ENERGY USA INC. US Royalty Owner Report

GL Month: 2013-03  
State: PA

Royalty Paid To:

Product	Royalty Sub Type	TAX ID	Royalty Rate	DSU %	Base Volume	Royalty Factor	Royalty Volume	Price	Royalty Value	Total Deductios	Tax	Royalty Volume Payable	Royalty Value Payable	Previous Royalty Value	Net Royalty Payable
GAS	Freehold		100.000000%	0.00026%	59,999.0	0.000260%	15.57754	3.237	50.42	0.00			50.42	0.00	50.42
GAS	Freehold		100.000000%	0.00053%	59,999.0	0.000526%	31.56907	3.237	102.19	0.00			102.19	0.00	102.19
GAS	Freehold		100.000000%	0.00077%	59,999.0	0.000774%	46.42843	3.237	150.29	0.00			150.29	0.00	150.29
<b>Well/Tract Sub-Total</b>															
													<b>329.59</b>	<b>0.00</b>	<b>329.59</b>
GAS	Freehold		100.000000%		75,172.6		2.90993	3.237	9.42	0.00			9.42	0.00	9.42
GAS	Freehold		100.000000%		75,172.6		7.41878	3.237	24.01	0.00			24.01	0.00	24.01
GAS	Freehold		100.000000%	0.00026%	75,172.6	0.000260%	19.51706	3.237	63.18	0.00			63.18	0.00	63.18
GAS	Freehold		100.000000%	0.00053%	75,172.6	0.000526%	39.55282	3.237	128.03	0.00			128.03	0.00	128.03
GAS	Freehold		100.000000%	0.00077%	75,172.6	0.000774%	58.17006	3.237	188.30	0.00			188.30	0.00	188.30
<b>Well/Tract Sub-Total</b>															
													<b>412.94</b>	<b>0.00</b>	<b>412.94</b>
<b>Processing Facility Sub-Tot</b>													<b>1,665.05</b>	<b>0.00</b>	<b>1,665.05</b>

# Gathering Fees Example 4

Date	Gross Royalty	Fees	Net Payment	Company	% Fees
11/21/2012	\$34,486.10	\$22,560.61	\$11,925.49	Chesapeake	65%
11/21/2012	\$18,114.51	\$0.00	\$18,114.51	StatOil	0%
12/21/2012	\$10,194.96	\$6,339.53	\$3,855.43	Chesapeake	62%
12/21/2012	\$5,315.35	\$0.00	\$5,315.35	StatOil	0%
1/24/2013	\$12,147.73	\$3,275.83	\$8,871.90	Chesapeake	27%
1/25/2013	\$5,880.79	\$0.00	\$5,880.79	StatOil	0%
3/??/2013	\$0.00	\$0.00	\$0.00	Chesapeake	No Check
3/25/2013	\$4,559.51	\$0.00	\$4,559.51	StatOil	0%
4/23/2013	\$16,797.47	\$14,849.37	\$1,948.10	Chesapeake	88%
4/25/2013	\$3,555.89	\$0.00	\$3,555.89	StatOil	0%
5/20/2013	\$9,175.54	\$7,548.16	\$1,627.38	Chesapeake	82%
5/25/2013	\$4,416.88	\$0.00	\$4,416.88	StatOil	0%

Note:

Bradford County

Well leased 2/3 Chesapeake and 1/3 StatOil

# EXAMPLE 4

Chesapeake Appalachia, LLC  
 P.O. Box 18496  
 Oklahoma City, OK 73154  
 (877) 245-1427

PAGE: 1

Retain this statement for tax purposes. No  
 duplicates furnished. State taxes have been  
 deducted and paid where required. When writing,  
 refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

STATE: PA COUNTY: BRADFORD															
712 2	2.56	2 61													
712 2	.00	2 61													
712 2	.00	2 61													
812 2	2.78	2 61													
812 2	.00	2 61													
812 2	.00	2 61													
912 2	2.39	2 01													
912 2	.00	2 01													
912 2	.00	2 01													
LEASE TOTAL										2673.00	.00	991.27	1681.73		
STATE: PA COUNTY: BRADFORD															
712 2	2.56	2 61													
712 2	.00	2 61													
712 2	.00	2 61													
812 2	2.78	2 61													
812 2	.00	2 61													
812 2	.00	2 61													
912 2	2.40	2 01													
912 2	.00	2 01													
912 2	.00	2 01													
1112 2	.00	2													
LEASE TOTAL										31609.97	.00	21366.21	10243.76		
OWNER TOTAL										34282.97	.00				

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING IT-INTEREST NE-NETTING EXPENSE FR-FIXED RATE ADJ RV-ROYALTY VOL ADJ UA-LINE VARIANCE
		1*- GATHERING 2*- GATHERING 3*- GATHERING 4*- PROCESSING 5*- COMPRESSION
		6*- MARKETING 7*- HANDLING 8*- TRANSPORTATION 9*- THIRD PARTY

**Total for check**

**\$11,925.49**

OWNER NUMBER

CHECK NUMBER

CHECK DATE 11/21/2012

Chesapeake Appalachia, LLC  
 D.O. Day 10406  
 Oklahoma City, OK 73154  
 (877) 245-1427

Retain this statement for tax purposes. No  
 duplicates furnished. State taxes have been  
 deducted and paid where required. When writing,  
 refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU

CHECK TOTAL

9599.23 BW  
 11555.43 2\*  
 1405.95 9\*  
 -203.13 UA  
 11925.49

**EXAMPLE 4**

INTEREST TYPE (IT)      PRODUCT CODE (PC)      DEDUCT CODE

2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING	1*- GATHERING	6*- MARKETING
		IT-INTEREST	2*- GATHERING	7*- HANDLING
		NE-NETTING EXPENSE	3*- GATHERING	8*- TRANSPORTATION
		FR-FIXED RATE ADJ	4*- PROCESSING	9*- THIRD PARTY
		RV-ROYALTY VOL ADJ	5*- COMPRESSION	
		UA-LINE VARIANCE		

**Total for check**

**\$11,925.49**

OWNER NUMBER

CHECK NUMBER

CHECK DATE

11/21/2012





# EXAMPLE 4

PAYMENT REFERENCE NUMBER -----  
 CHECK AMOUNT \$18,114.51  
 CHECK DATE 11/21/2012  
 OWNER #

## Interest Owner Statement

WELL	WC	WELL DESCRIPTION				STATE		COUNTY		API		INT TYPE	DOI/UNIT DECIMAL		
PROD MNTH	PROD CODE	LEASE GROSS VOLUME	UNIT PRICE	LEASE GROSS VALUE	LEASE GROSS TAXES	LEASE GROSS DEDUCT	LEASE NET VALUE	DISB DECIMAL	OWNER GROSS VOLUME	OWNER GROSS VALUE	OWNER TAXES	OWNER DEDUCT	OWNER NET VALUE	BTU	
07/2012	203	14,270.75	2.815	40,177.93	0.00	0.00	40,177.93	0.00692781	98.86	278.34	0.00	0.00	278.34	1028	
08/2012	203	33,284.33	3.072	102,258.70	0.00	0.00	102,258.70	0.00692781	230.59	708.43	0.00	0.00	708.43	1027	
09/2012	203	23,719.80	2.589	61,413.90	0.00	0.00	61,413.90	0.00692781	164.33	425.46	0.00	0.00	425.46	1027	
									WELL TOTAL	493.78	1,412.23	0.00	0.00	1,412.23	
07/2012	203	28,023.40	2.818	78,967.86	0.00	0.00	78,967.86	0.06041812	1,693.12	4,771.09	0.00	0.00	4,771.09	1028	
08/2012	203	39,202.35	3.075	120,540.93	0.00	0.00	120,540.93	0.06041812	2,368.53	7,282.85	0.00	0.00	7,282.85	1028	
09/2012	203	29,687.91	2.591	76,936.17	0.00	0.00	76,936.17	0.06041812	1,793.69	4,648.34	0.00	0.00	4,648.34	1028	
									WELL TOTAL	5,855.34	16,702.28	0.00	0.00	16,702.28	
<b>OWNER TOTAL</b>												<b>18,114.51</b>			

This is not a payment. It is the detail for a payment that has been made. Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. In correspondence, please refer to well number and owner number.

PRODUCT CODES  
 1XX - OIL (BBL)  
 2XX - GAS (MCF)  
 3XX - CONDENSATE (BBL)  
 4XX - PLANT PRODUCTS (GALS)

INTEREST TYPES  
 RI - ROYALTY  
 OR - OVERRIDING ROYALTY  
 WI - WORKING INTEREST

# EXAMPLE 4

Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

**PAGE: 1**

Retain this statement for tax purposes. No  
duplicates furnished. State taxes have been  
deducted and paid where required. When writing,  
refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

STATE: PA COUNTY: BRADFORD															
1012 2	2.79 2 01	46757.69	.00	-901.42UA	131330.53	.00697789	326.27	910.12	.00	-6.29	916.41	1027			
1012 2	.00 2 01	.00	.00	.002Q	.00	.00697789	.00	.00	.00	285.30	-285.30				
1012 2	.00 2 01	.00	.00	.009T	.00	.00697789	.00	.00	.00	29.60	-29.60				
LEASE TOTAL								910.12	.00	308.61	601.51				
STATE: PA COUNTY: BRADFORD															
1012 2	2.79 2 01	54845.23	.00	-968.76UA	154127.48	.06020049	3301.71	9220.23	.00	-58.32	9278.55	1028			
1012 2	.00 2 01	.00	.00	.002Q	.00	.06020049	.00	.00	.00	2888.52	-2888.52				
1012 2	.00 2 01	.00	.00	.009T	.00	.06020049	.00	.00	.00	299.62	-299.62				
1212 2	.00 2	.00	.00	2836.49BW	-2836.49	1.00000000	.00	.00	.00	2836.49	-2836.49				
LEASE TOTAL								9220.23	.00	5966.31	3253.92				
OWNER TOTAL									10130.35	.00					
										2836.49 BW					
										3173.82 2*					
										329.22 9*					
										-64.61 UA					
CHECK TOTAL											3855.43				

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING
		IT-INTEREST
		NE-NETTING EXPENSE
		FR-FIXED RATE ADJ
		RV-ROYALTY VOL ADJ
		UA-LINE VARIANCE
		1*- GATHERING
		2*- GATHERING
		3*- GATHERING
		4*- PROCESSING
		5*- COMPRESSION
		6*- MARKETING
		7*- HANDLING
		8*- TRANSPORTATION
		9*- THIRD PARTY

**Total for check \$3,855.43**

OWNER NUMBER	CHECK NUMBER	CHECK DATE
		12/21/2012



# EXAMPLE 4

Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

PAGE: 1

Retain this statement for tax purposes. No  
duplicates furnished. State taxes have been  
deducted and paid where required. When writing,  
refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

STATE: PA COUNTY: BRADFORD																
1112 2	3.50	2 01			41154.27	.00	-841.23	UA	144695.60	.00697789	287.17	1003.80	.00	-5.87	1009.67 1027	
1112 2	.00	2 01			.00	.00	.002Q		.00	.00697789	.00	.00	.00	250.56	-250.56	
1112 2	.00	2 01			.00	.00	.009T		.00	.00697789	.00	.00	.00	21.71	-21.71	
LEASE TOTAL											1003.80	.00	266.40	737.40		
STATE: PA COUNTY: BRADFORD																
1112 2	3.49	2 01			52339.61	.00	-2132.54	UA	185016.10	.06020049	3150.87	11009.68	.00	-128.38	11138.06 1027	
1112 2	.00	2 01			.00	.00	.002Q		.00	.06020049	.00	.00	.00	2764.09	-2764.09	
1112 2	.00	2 01			.00	.00	.009T		.00	.06020049	.00	.00	.00	239.47	-239.47	
LEASE TOTAL											11009.68	.00	2875.18	8134.50		
OWNER TOTAL											12013.48	.00				
														3014.65 2*		
														261.18 9*		
														-134.25 UA		
CHECK TOTAL																8871.90

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE		
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING	1*- GATHERING	6*- MARKETING
		IT-INTEREST	2*- GATHERING	7*- HANDLING
		NE-NETTING EXPENSE	3*- GATHERING	8*- TRANSPORTATION
		FR-FIXED RATE ADJ	4*- PROCESSING	9*- THIRD PARTY
		RV-ROYALTY VOL ADJ	5*- COMPRESSION	
		UA-LINE VARIANCE		

**Total for check**

**\$8,871.90**

OWNER NUMBER

CHECK NUMBER

CHECK DATE

01/04/2010



# EXAMPLE 4

PAYMENT REFERENCE NUMBER \_\_\_\_\_  
 CHECK AMOUNT \$5,880.79  
 CHECK DATE 01/25/2013  
 OWNER # \_\_\_\_\_

## Interest Owner Statement

WELL	WC	WELL DESCRIPTION				STATE		COUNTY		API			INT TYPE	DOI/UNIT DECIMAL	
PROD MNTH	PROD CODE	LEASE GROSS VOLUME	UNIT PRICE	LEASE GROSS VALUE	LEASE GROSS TAXES	LEASE GROSS DEDUCT	LEASE NET VALUE	DISB DECIMAL	OWNER GROSS VOLUME	OWNER GROSS VALUE	OWNER TAXES	OWNER DEDUCT	OWNER NET VALUE	BTU	
							PENNSYLVANIA	BRADFORD							
11/2012	203	19,960.86	3.554	70,938.01	0.00	0.00	70,938.01	0.00692781	138.29	491.45	0.00	0.00	491.45	0	
								WELL TOTAL	138.29	491.45	0.00	0.00	491.45		
							PENNSYLVANIA	BRADFORD							
11/2012	203	25,108.53	3.553	89,200.78	0.00	0.00	89,200.78	0.06041812	1,517.01	5,389.34	0.00	0.00	5,389.34	0	
								WELL TOTAL	1,517.01	5,389.34	0.00	0.00	5,389.34		
<b>OWNER TOTAL</b>													<b>5,880.79</b>		

This is not a payment. It is the detail for a payment that has been made. Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. In correspondence, please refer to well number and owner number.

**PRODUCT CODES**  
 1XX - OIL (BBL)  
 2XX - GAS (MCF)  
 3XX - CONDENSATE (BBL)  
 4XX - PLANT PRODUCTS (GALS)

**INTEREST TYPES**  
 RI - ROYALTY  
 OR - OVERRIDING ROYALTY  
 WI - WORKING INTEREST



Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

# EXAMPLE 4

Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. When writing, refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

STATE: PA COUNTY: BRADFORD

712 2	2.56	2 52	-29424.37	.00	204.93UA	-75389.55	.00697789	-205.32	-524.63	.00	1.43	-526.06	1027
712 2	.00	2 52	.00	.00	.002Q	.00	.00697789	.00	.00	.00	-178.71	178.71	
712 2	.00	2 52	.00	.00	.009T	.00	.00697789	.00	.00	.00	-21.66	21.66	
712 2	2.56	2 62	29425.76	.00	-203.54UA	75388.37	.00697654	205.29	524.53	.00	-1.42	525.95	1027
712 2	.00	2 62	.00	.00	.002Q	.00	.00697654	.00	.00	.00	178.67	-178.67	
712 2	.00	2 62	.00	.00	.009T	.00	.00697654	.00	.00	.00	21.66	-21.66	
812 2	2.78	2 52	-68625.33	.00	792.50UA	-191651.06	.00697789	-478.86	-1331.79	.00	5.53	-1337.32	1028
812 2	.00	2 52	.00	.00	.002Q	.00	.00697789	.00	.00	.00	-419.02	419.02	
812 2	.00	2 52	.00	.00	.009T	.00	.00697789	.00	.00	.00	-49.80	49.80	
812 2	2.78	2 62	68624.28	.00	-792.66UA	191652.31	.00697654	478.76	1331.54	.00	-5.53	1337.07	1028
812 2	.00	2 62	.00	.00	.002Q	.00	.00697654	.00	.00	.00	418.94	-418.94	
812 2	.00	2 62	.00	.00	.009T	.00	.00697654	.00	.00	.00	49.80	-49.80	
912 2	2.39	2 52	-48914.50	.00	1339.95UA	-118363.86	.00697789	-341.32	-816.58	.00	9.35	-825.93	1027
912 2	.00	2 52	.00	.00	.002Q	.00	.00697789	.00	.00	.00	-300.58	300.58	
912 2	.00	2 52	.00	.00	.009T	.00	.00697789	.00	.00	.00	-37.81	37.81	
912 2	2.39	2 62	48913.93	.00	-1340.21UA	118365.26	.00697654	341.25	816.43	.00	-9.35	825.78	1027
912 2	.00	2 62	.00	.00	.002Q	.00	.00697654	.00	.00	.00	300.52	-300.52	
912 2	.00	2 62	.00	.00	.009T	.00	.00697654	.00	.00	.00	37.81	-37.81	
1012 2	2.79	2 52	-46757.69	.00	901.42UA	-131330.53	.00697789	-326.27	-910.12	.00	6.29	-916.41	1027
1012 2	.00	2 52	.00	.00	.002Q	.00	.00697789	.00	.00	.00	-285.30	285.30	
1012 2	.00	2 52	.00	.00	.009T	.00	.00697789	.00	.00	.00	-29.60	29.60	
1012 2	2.79	2 62	46756.70	.00	-903.03UA	131333.01	.00697654	326.20	909.95	.00	-6.30	916.25	1027
1012 2	.00	2 62	.00	.00	.002Q	.00	.00697654	.00	.00	.00	285.24	-285.24	
1012 2	.00	2 62	.00	.00	.009T	.00	.00697654	.00	.00	.00	29.59	-29.59	
1112 2	3.50	2 52	-41154.27	.00	841.23UA	-144695.60	.00697789	-287.17	-1003.80	.00	5.87	-1009.67	1027
1112 2	.00	2 52	.00	.00	.002Q	.00	.00697789	.00	.00	.00	-250.56	250.56	
1112 2	.00	2 52	.00	.00	.009T	.00	.00697789	.00	.00	.00	-21.71	21.71	

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING IT-INTEREST NE-NETTING EXPENSE FR-FIXED RATE ADJ RV-ROYALTY VOL ADJ UA-LINE VARIANCE
		1*- GATHERING 2*- GATHERING 3*- GATHERING 4*- PROCESSING 5*- COMPRESSION
		6*- MARKETING 7*- HANDLING 8*- TRANSPORTATION 9*- THIRD PARTY

**Total for check**

**\$1,948.10**

OWNER NUMBER

CHECK NUMBER

4/23/13

Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

# EXAMPLE 4

Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. When writing, refer to lease number and owner number.

PROD DATE	P C	PRICE	I T	PY GP	LEASE				PAYMENT DECIMAL	OWNER					
					VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU
1112 2		3.50	2 62		41155.07	.00	-841.39UA	144696.37	.00697654	287.12	1003.61	.00	-5.87	1009.48	1027
1112 2		.00	2 62		.00	.00	.002Q	.00	.00697654	.00	.00	.00	250.52	-250.52	
1112 2		.00	2 62		.00	.00	.009T	.00	.00697654	.00	.00	.00	21.70	-21.70	
1212 2		3.72	2 52		-37998.59	.00	773.87UA	-142077.33	.00697789	-265.15	-986.00	.00	5.40	-991.40	1027
1212 2		.00	2 52		.00	.00	.002Q	.00	.00697789	.00	.00	.00	-231.86	231.86	
1212 2		.00	2 52		.00	.00	.009T	.00	.00697789	.00	.00	.00	-20.00	20.00	
1212 2		3.72	2 62		37998.78	.00	-772.59UA	142076.16	.00697654	265.10	985.81	.00	-5.39	991.20	1027
1212 2		.00	2 62		.00	.00	.002Q	.00	.00697654	.00	.00	.00	231.82	-231.82	
1212 2		.00	2 62		.00	.00	.009T	.00	.00697654	.00	.00	.00	19.99	-19.99	
113 2		3.27	2 01		32223.71	.00	-3582.00UA	109013.92	.00697654	224.81	735.55	.00	-24.99	760.54	1027
113 2		.00	2 01		.00	.00	.002Q	.00	.00697654	.00	.00	.00	644.34	-644.34	
113 2		.00	2 01		.00	.00	.009T	.00	.00697654	.00	.00	.00	17.39	-17.39	
213 2		3.16	2 01		26088.86	.00	.00	82404.75	.00697654	182.01	574.90	.00	.00	574.90	1027
213 2		.00	2 01		.00	.00	.002Q	.00	.00697654	.00	.00	.00	500.67	-500.67	
213 2		.00	2 01		.00	.00	.009T	.00	.00697654	.00	.00	.00	14.56	-14.56	
LEASE TOTAL										1309.40		.00	1151.63	157.77	
STATE: PA COUNTY: BRADFORD															
113 2		3.27	2 01		43847.48	.00	-1668.26UA	145064.43	.06020049	2639.64	8632.52	.00	-100.43	8732.95	1027
113 2		.00	2 01		.00	.00	.002Q	.00	.06020049	.00	.00	.00	7398.48	-7398.48	
113 2		.00	2 01		.00	.00	.009T	.00	.06020049	.00	.00	.00	199.67	-199.67	
213 2		3.16	2 01		35153.87	.00	-788.03UA	111795.44	.06020049	2116.28	6682.70	.00	-47.44	6730.14	1027
213 2		.00	2 01		.00	.00	.002Q	.00	.06020049	.00	.00	.00	5903.02	-5903.02	
213 2		.00	2 01		.00	.00	.009T	.00	.06020049	.00	.00	.00	171.59	-171.59	
LEASE TOTAL										15315.22		.00	13524.89	1790.33	
OWNER TOTAL										16624.62		.00			
													14446.19 2*		
													1403.18 9*		
													-172.85 UA		
CHECK TOTAL														1946.10	

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING IT-INTEREST NE-NETTING EXPENSE FR-FIXED RATE ADJ RV-ROYALTY VOL ADJ UA-LINE VARIANCE
		1*- GATHERING 2*- GATHERING 3*- GATHERING 4*- PROCESSING 5*- COMPRESSION
		6*- MARKETING 7*- HANDLING 8*- TRANSPORTATION 9*- THIRD PARTY

**Total for check** **\$1,048.10**

OWNER NUMBER	CHECK NUMBER	CHECK DATE	04/23/2013
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# EXAMPLE 4

PAYMENT REFERENCE NUMBER  
 CHECK AMOUNT \$3,555.89  
 CHECK DATE 04/25/2013  
 OWNER #

## Interest Owner Statement

WELL	WC	WELL DESCRIPTION				STATE		COUNTY		API			INT TYPE	DOI/UNIT DECIMAL	
		PROD Mnth	PROD CODE	LEASE GROSS VOLUME	UNIT PRICE	LEASE GROSS VALUE	LEASE GROSS TAXES	LEASE GROSS DEDUCT	LEASE NET VALUE	DISB DECIMAL	OWNER GROSS VOLUME	OWNER GROSS VALUE	OWNER TAXES	OWNER DEDUCT	OWNER NET VALUE
02/2013	203	12,647.40	3.215	40,656.98	0.00	0.00	40,656.98	0.00692781	BRADFORD	87.62	281.66	0.00	0.00	281.66	1027
									WELL TOTAL	87.62	281.66	0.00	0.00	281.66	
02/2013	203	16,862.61	3.214	54,192.83	0.00	0.00	54,192.83	0.06041812	BRADFORD	1,018.81	3,274.23	0.00	0.00	3,274.23	1027
									WELL TOTAL	1,018.81	3,274.23	0.00	0.00	3,274.23	
									OWNER TOTAL					3,555.89	

This is not a payment. It is the detail for a payment that has been made. Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. In correspondence, please refer to well number and owner number.

PRODUCT CODES  
 1XX - OIL (BBL)  
 2XX - GAS (MCF)  
 3XX - CONDENSATE (BBL)  
 4XX - PLANT PRODUCTS (GALS)

INTEREST TYPES  
 RI - ROYALTY  
 OR - OVERRIDING ROYALTY  
 WI - WORKING INTEREST

Chesapeake Appalachia, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154  
(877) 245-1427

# EXAMPLE 4

Retain this statement for tax purposes. No duplicates furnished. State taxes have been deducted and paid where required. When writing, refer to lease number and owner number.

PROD DATE	P C	I PRICE	T GP	LEASE				PAYMENT DECIMAL	OWNER					
				VOLUME	TAX	DEDUCT	NET VALUE		VOLUME	GRS VALUE	TAX	DEDUCT	NET	BTU

Gross Value refers to the sales price received by the operator/lessee before deduction of taxes. It may reflect the price received from an affiliated purchaser.

STATE: PA COUNTY: BRADFORD														
313 2	3.44	2 01		31118.58	.00	-766.86UA	107857.19	.00697654	217.10	747.12	.00	-5.35	752.47	1027
313 2	.00	2 01		.00	.00	.002Q	.00	.00697654	.00	.00	.00	603.55	-603.55	
313 2	.00	2 01		.00	.00	.009T	.00	.00697654	.00	.00	.00	15.46	-15.46	
LEASE TOTAL										747.12	.00	613.66	133.46	
STATE: PA COUNTY: BRADFORD														
313 2	3.44	2 01		39926.59	.00	-2542.34UA	139916.97	.06020049	2403.60	8270.02	.00	-153.05	8423.07	1027
313 2	.00	2 01		.00	.00	.002Q	.00	.06020049	.00	.00	.00	6756.14	-6756.14	
313 2	.00	2 01		.00	.00	.009T	.00	.06020049	.00	.00	.00	173.01	-173.01	
LEASE TOTAL										8270.02	.00	6776.10	1493.92	
OWNER TOTAL										9017.14	.00			
											7359.69 2*			
											188.47 9*			
											-158.40 UA			
CHECK TOTAL													1627.38	

INTEREST TYPE (IT)	PRODUCT CODE (PC)	DEDUCT CODE		
2-ROYALTY	2-GAS(MCF)	BW-BACKUP WITHHOLDING	1*- GATHERING	6*- MARKETING
		IT-INTEREST	2*- GATHERING	7*- HANDLING
		NE-NETTING EXPENSE	3*- GATHERING	8*- TRANSPORTATION
		FR-FIXED RATE ADJ	4*- PROCESSING	9*- THIRD PARTY
		RV-ROYALTY VOL ADJ	5*- COMPRESSION	
		UA-LINE VARIANCE		

Total for check

\$1,627.38

OWNER NUMBER	CHECK NUMBER	CHECK DATE
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5/20/13

