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United States
Department of
Agriculture

Forest
Service

Allegheny National Forest
Marienville Ranger District

Rt. 66
Marienville, PA 16239
(814) 927-6628
FAX (814) 927-2285

File Code: 2830

Date: April 29, 2008

Troy Spehar
Landman
East Resources, Inc.
P.O. Box 279
51 West Main Street
Allegany, NY 14706

**Notice to Proceed
East Resources, Inc.
OGM Case M118**

Dear Troy:

We have completed our project analysis of oil, gas and minerals (OGM) Case M118 for your proposed drilling of 6 oil and gas wells numbered T-3 thru T-7 and T9 and associated pipelines and roads in Warrant 3131, Wetmore Township, McKean County, Pennsylvania.

This is your Notice to Proceed for the referenced case. We have received your signed Timber Sale Settlement Contract and proof of payment. An executed copy of the Timber Sale Settlement Contract has been mailed to you for your records.

Two signed originals of the Commercial Road Use Permit have been signed by your representative and payment confirmation received. If you have any questions about this permit, please contact Hunter McClelland at the Marienville Ranger District, 814-927-5732.

Mike Lewis, OGM Administrator on the Marienville Ranger District, is your designated Forest Service Representative for Case M118. Mike's phone number is 814-927-5738.

Enclosed you will find the Operating Plan for Case M118. This contains the conditions under which you may operate on the National Forest surface to access your sub-surface ownership. It is your responsibility to assure that your field personnel and your timber harvest and road construction contractors are aware of the contents of this plan.

If an alternative method of drilling is requested from the PA-DEP for dusting of drill cuttings, it is recommended that an unlined pit be utilized to capture all drill cuttings or a deflector shield used to pile the cuttings in one location. If a pit is used, it can be dewatered, lined, and utilized for the containment of stimulation material, in accordance with provisions of Title 25, Chapter 78 of the PA Code.

There is no suitable Forest Service source of stone surfacing material within proximity of your development. You may utilize suitable stone material excavated from your containment pits at each site, provided you discuss this in advance with Mike Lewis and you have sufficient backfill



material for the pits. Otherwise, you will need to find a private or commercial source for the stone needed to surface your roads.

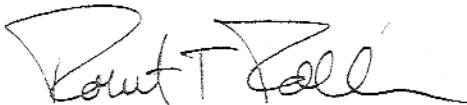
Please note that there may be heritage resources in the area of your operations. Heritage resources on Federal land are subject to the prohibitions of the Antiquities Act of 1906, and compliance by the mineral owner is mandatory. For additional information, please see the attached Section G.

All operations within your lease on Forest Service surface are subject to Allegheny National Forest restrictions on ATV use. If you intend to use ATVs at any time during the life of your lease, you must comply with the attached Section J. ATVs are restricted to operations and maintenance activities on the lease.

There are five threatened or endangered species known to occur on or near the Allegheny National Forest. These include the small whorled pogonia, northeastern bulrush, Indiana bat, clubshell mussel and northern riffleshell mussel. Outstanding and reserved mineral rights owners have certain responsibilities under the Endangered Species Act to protect threatened or endangered species and their habitats. To determine what your responsibilities are, you should contact the U.S. Fish and Wildlife Service district office in State College, PA. Please note that, although the bald eagle is no longer federally listed as endangered or threatened, there are still responsibilities for protection of this species under the Bald and Golden Eagle Protection Act of 1940.

If you have any questions or concerns regarding this Notice to Proceed and Operating Plan please contact Mike Lewis at (814) 927-5738.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert T. Fallon". The signature is stylized with a large, sweeping initial "R" and a long, horizontal flourish at the end.

ROBERT T. FALLON
District Ranger

OPERATING PLAN
East Resources, Inc.
OGM Case M118

A. Wildlife

1. Retain snags with bark or den trees adjacent to the flagged well sites and road right-of-way. Bark provides hibernation habitat for a wide variety of bats. If the snags pose a safety hazard, then it is recommended that they be removed.
2. All work should stop immediately if any federally proposed or listed species are found or observed on the project site during implementation. The operator will contact the District so that a wildlife biologist can conduct an assessment or recommend mitigation measures. In addition, the operator should contact the District if any stick nests are found near or adjacent to any work location prior to development.
3. Complete all proposed work in a timely fashion to reduce disturbance of and displacement to fish and wildlife species.
4. Follow all terms and conditions in regulatory permits and other official project authorizations to eliminate or reduce the adverse impacts to endangered, threatened, or sensitive species or their habitats.

B. Soil and Water

1. The operator will follow the standards and guidelines of their submitted Soil Erosion and Sedimentation Control Plan and Spill Prevention Plan. Disturbed areas must be stabilized within 30 days following construction and successfully revegetated within 60 days following construction or within 60 days of the beginning of the first growing season following construction that occurs in late fall or winter. Revegetation is achieved when there is 70 percent coverage of perennial vegetation as measured by transect.
2. It is the operator's responsibility to place culverts where they are needed in access roads to drain road surface runoff, and where seeps, springs, streams and other drainages will intersect the proposed roads. Cross culverts to drain ditch water should be at least 18 inch diameter corrugated metal pipes (CMPs) or 15 inch diameter casings and installed diagonally with outlet downhill and a 6 inch drop per 10 feet of running width. The following table outlines recommended spacing of cross culverts to drain ditch water based on percentage slope:

Slope	Spacing of Culverts
2 to 5 percent	300 to 500 feet
6 to 10 percent	200 to 300 feet
11 to 15 percent	100 to 200 feet

Where streams, springs, seeps, and other drainages intersect the road, the operator should install properly sized culverts or properly select, size, and construct other drainage structures, in accordance with the PA-DEP recommended oil and gas management practices.

3. Do not sidecast excavated road materials and avoid accumulating or spreading these materials in upland draws, depressions, streams, and/or spring seeps.
4. Produced fluids must be handled and disposed of according to Commonwealth of Pennsylvania Oil and Gas Law in accordance with the Clean Streams Act.
5. Road ditch water and runoff from well locations shall not be discharged directly into watercourses. This water will be either discharged onto undisturbed ground or passed through a sedimentation basin.
6. Construction will not take place during the spring thaw or during times of prolonged rainfall when saturated conditions are existent.

Site Specific Mitigation Measures:

- The stream crossing of the unnamed tributary to Hubert Run prior to T-7 shall have a large enough culvert as to permit aquatic species passage with the invert placed at least 6 inches below the stream grade.
 - Roadside drainage near this stream crossing shall be directed away from the stream and into a vegetative buffer as to keep all sedimentation out of the stream channel.
 - Roadside drainage ditches near the stream shall be lined with a limestone riprap.
7. Temporary and permanent seed mixtures should be in accordance with the Pennsylvania Oil and Gas Operators Manual (Chapter 4). However, to avoid introducing non-native invasive plant species to the Allegheny National Forest, operators should use the following seed mixtures:
 - a) Temporary cover or nurse crops: all mixtures and cover rates can be used but, for the late spring and summer seeding mixtures, do not use Japanese or foxtail millet or sudangrass.
 - b) Permanent seed mixtures:
 - (i) Cool season grasses: Preferred mixture is Number 3 using smooth bromegrass and birdsfoot trefoil. Mixture 1 using fine fescue, perennial ryegrass and birdsfoot trefoil may be used if Number 3 is not available, but it is our preference that fescue mixes not be used.
 - (ii) Warm season grasses: Preferred mixtures are Number 5 and 6.
 - c) Mulch: straw is preferred in all cases. If hay is used, the source location and supplier shall be provided and every attempt should be made to obtain hay free of non-native invasive species.

C. Transportation Systems and Equipment

1. Road locations will be approved by the District prior to marking timber for removal. Use existing roadways, skid trails, or travel paths for access to proposed well sites whenever possible.
2. Rock surfacing on roads will be commensurate with use and season of the year. At least 6 inches of stone will be applied to all roads intended for permanent access. If the operator proposes to utilize commercially graded surfacing material at a depth less than 6 inches, the operator must obtain written approval from the OGM Administrator to place this material at a specified depth in designated locations. Roads should be constructed and maintained in a manner to prevent rutting and to maintain the road crown.
3. Road grades are recommended to be between 2 and 8 percent, with grades up to 15 percent acceptable for short pitches up to 200 feet when sufficient stabilization is provided.
4. It is strongly recommended that a gate be installed at the entrance of OGM roads to ensure that the FS resources are not damaged by non-OGM development users.
5. Equipment must be stored, serviced, and fueled in upland areas away from transport pathways and all aquatic habitats. No long term equipment storage, such as unused storage tanks, vehicles, machinery, pipeline, or other staging materials, is allowed. Litter or trash shall be promptly removed.

D. Timber

1. All merchantable timber will be marked by the Forest Service and sold by contract. Timber will be paid for prior to harvesting.
2. Timber will not be skidded across watercourses, springs or seeps, except at crossings designated by the Forest Service.
3. Slash will be lopped and scattered to lie within 3 feet of the ground. Slash will be kept out of springs, seeps, and streams.

E. Public Safety

1. Pipelines and electric lines will be buried a minimum of 36 inches deep, where practical. Utility lines should follow road rights-of-way, wherever possible, to minimize conflict with surface management activities and to protect the utility lines.
2. Automatic jacks will have warning signs. Storage tanks should have warning signs to restrict flames near flammable materials.

F. Recreation and Aesthetics

J. ATV use on the lease:

1. Public use of ATVs is prohibited on the Allegheny National Forest, with the exception of designated trails. You or your designated employees will be allowed to use ATVs only as part of the business operations associated with operating your lease. You may operate ATVs on roads and pipelines you have constructed within your lease or on those Forest Service roads within your lease, and only while the lease is under production or operation. Operating ATVs off of these roads and pipelines within your lease is strictly prohibited. Individuals observed operating ATVs off of these roads and pipelines are subject to citation and fine. Evidence that ATVs are being used on your lease off of these roads and pipelines will jeopardize your exception to use ATVs on this and other leases.
2. Designated employees are those individuals involved in the day-to-day operation and maintenance activities within your lease. Unless leases are adjacent and connected by a designated road or trail, ATVs must be moved using a trailer from lease to lease. Designated individuals operating ATVs within your lease are required to carry identification, and to stop and present this identification to a Forest Service Officer when requested. Failure to do so will jeopardize your exception to use ATVs on this and other leases.
3. ATVs are to be utilized in a safe manner. Operators will use basic safety equipment and maintain safe speeds.