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CATHY S. GATSON, CLERK
KANAWHA COUNTY CIRCUIT COURT

IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

EZRA SCHOOLCRAFT,

Plaintiff,

v.

Civil Action Number: 22-C-910
Judge Jennifer F. Bailey

JEFFREY ISNER and
PBC ENERGY, LLC,

Defendants.

ANSWER AND COUNTERCLAIM

NOW COMES the Defendant, Jeffrey Isner, and for his answer to the Complaint states as follows:

1. In response to paragraph 1 of the Complaint, Isner admits that he and Plaintiff had been longtime friends and business associates; that they both had membership interests in PBC Energy, LLC ("PBC"), Pillar Energy, LLC ("Pillar Energy"), Pillar Enterprises, LLC ("Pillar Enterprises"), Pillar Fund 1, LLC, Pillar Fund 2, LLC, and Sycamore Midstream LLC ("Sycamore"); and that they were co-managers of Sycamore. Isner denies the remaining allegations in paragraph 1.

2. Isner denies the allegations in Paragraph 2 of the Complaint.

3. Isner denies the allegations in Paragraph 3 of the Complaint.

4. Isner denies the allegations in Paragraph 4 of the Complaint.

5. Isner denies the allegations in Paragraph 5 of the Complaint.

6. In response to paragraph 6 of the Complaint, Isner admits that Plaintiff is a trained engineer and businessperson who resides in Putnam County; that Plaintiff was formerly a member of Pillar Energy with a 32.5% ownership interest; that Plaintiff is a member of Pillar Enterprises

65
rcpt # 597800

who owns 1.28% of the Class B non-voting units of that company; that Hadic, LLC is a member of Sycamore with a 5.05% ownership interest; that Plaintiff was formerly a manager of Sycamore; that Plaintiff is a member of PBC with a 50% ownership interest; that Plaintiff is a member of Pillar Fund 1, LLC with a 21.33% ownership interest; and that Plaintiff is a member of Pillar Fund 2, LLC with a 5% ownership interest. Isner denies the remaining allegations in paragraph 6.

7. Isner admits the allegations in paragraph 7 of the Complaint.

8. Isner admits the allegations in paragraph 8 of the Complaint, except that Isner denies that he managed or controlled Pillar Enterprises.

9. Paragraph 9 of the Complaint states a legal conclusion to which no response is required.

10. Paragraph 10 of the Complaint states a legal conclusion to which no response is required.

11. Isner admits the allegations in paragraph 11 of the Complaint.

12. Isner admits the allegations in paragraph 12 of the Complaint but clarifies that the matters discussed were his idea.

13. Isner admits the allegations in paragraph 13 of the Complaint.

14. Isner admits the allegations in paragraph 14 of the Complaint but clarifies that his role handling the "administrative and office" side of the business included growing the business.

15. In response to paragraph 15 of the Complaint, Isner admits that, in the early years of Pillar Energy, he and Plaintiff maintained employment with one other company. Isner denies paragraph 15 to the extent it alleges that they maintained employment with multiple other companies.

16. In response to paragraph 16 of the Complaint, Isner admits that, as time passed, Pillar Energy's business grew to the point where it allowed him to work full time for Pillar Energy and that he was paid a salary for doing so. Isner further admits that he handled some of the field work during this time, with the clarification that he performed most of the field work during this time. Isner denies the remaining allegations in paragraph 16.

17. Isner admits the allegations in paragraph 17 of the Complaint.

18. Isner admits the allegations in paragraph 18 of the Complaint but clarifies that he, Plaintiff, and a third individual formed Pillar Enterprises.

19. Isner admits the allegations in paragraph 19 of the Complaint but denies paragraph 19 to the extent it implies that Isner did not also defer many of his paychecks.

20. In response to paragraph 20 of the Complaint, Isner admits that Plaintiff maintained a second job. Isner lacks knowledge or information sufficient to form a belief as to whether that second job was necessary for Plaintiff or permitted him to agree to the deferment of his paychecks. Isner denies the remaining allegations in paragraph 20.

21. Isner admits the allegations in the first sentence of paragraph 21 of the Complaint. Isner denies the remaining allegations in paragraph 21 to the extent they imply that Plaintiff alone performed the referenced activities.

22. In response to paragraph 22 of the Complaint, Isner admits that, around 2016, Pillar Energy hired various new employees to help with the growing business; that Plaintiff had the majority of the responsibility for communicating with, managing, and organizing those employees; and that a majority of those employees were based outside the office—that is, their primary work was typically out in the field. Isner denies that Plaintiff trained or had the majority of the

responsibility for training those employees. Isner lacks knowledge or information to form a belief about whether Plaintiff, through his prior work, had experience with building a team.

23. Isner admits the allegations in paragraph 23 of the Complaint to the extent they mean that Plaintiff looked for better prices for gas, but Isner denies that Plaintiff worked to grow the companies or identify new wells for them to acquire.

24. Isner denies the allegations in paragraph 24 of the Complaint.

25. Isner denies the allegations in paragraph 25 of the Complaint.

26. In response to paragraph 26 of the Complaint, Isner admits that he wanted to execute a leveraged purchase of assets owned by Rubin Resources, Inc. in 2016, but denies the characterization that he "insisted" on it. Isner admits the allegations in the second sentence of paragraph 26.

27. In response to paragraph 27 of the Complaint, Isner denies that Plaintiff objected to or presented any reasons not to proceed with the Rubin Resources transaction prior to Isner's execution of the purchase agreement, but Isner admits that Plaintiff voiced objections several years later.

28. Isner denies the allegations in paragraph 28 of the Complaint.

29. In response to paragraph 29 of the Complaint, Isner admits that he agreed to the Rubin Resources transaction on behalf of Pillar Energy but denies the allegation or implication that his actions violated Pillar Energy's operating agreement. In addition, Isner denies Plaintiff's characterization of the operating agreement and further states that the parties modified or waived certain provisions of the operating agreement through their conduct.

30. Isner denies the allegations in paragraph 30 of the Complaint.

31. Isner denies the allegations in paragraph 31 of the Complaint.

32. In response to paragraph 32 of the Complaint, Isner admits that Plaintiff never signed a letter of consent but denies the remaining allegations in paragraph 32.

33. Isner admits the allegations in paragraph 33 of the Complaint, except that Isner denies the characterization that he executed the Asset Purchase Agreement "[r]egardless of Ezra's objections."

34. In response to paragraph 34 of the Complaint, Isner admits that he executed a promissory note on behalf of Pillar Energy. As to the remaining allegations in paragraph 34, Isner states that the referenced note speaks for itself and denies any characterization inconsistent therewith.

35. In response to paragraph 35 of the Complaint, Isner admits that he executed the referenced note but denies the remaining allegations in paragraph 35.

36. Isner denies the allegations in paragraph 36 of the Complaint.

37. Isner denies the allegations in paragraph 37 of the Complaint.

38. Isner denies the allegations in paragraph 38 of the Complaint.

39. Isner admits the allegations in the first, third, and fourth sentences of paragraph 39 of the Complaint. Isner denies the second sentence of paragraph 39 to the extent it states that Plaintiff received payments from Pillar Energy for "management services." Isner further clarifies that he too allowed Pillar Energy to defer payments, and that it is he who recommended that he, Plaintiff, and Pillar Enterprises allow Pillar Energy to defer payments.

40. Isner denies the allegations in paragraph 40 of the Complaint.

41. In response to paragraph 41 of the Complaint, Isner denies the characterization that he made "secret" continued payments to Rubin Resources. Isner further denies the characterization that Plaintiff and other Pillar Energy affiliated parties "confronted" Isner about payments but admits that Plaintiff and others asked him questions about payments. Isner lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in paragraph 41.

42. In response to paragraph 42 of the Complaint, Isner admits that Pillar Energy paused payments to Rubin Resources, but Isner denies the characterization that he "agreed to" defer those payments "eventually," as it was Isner's idea to defer the payments.

43. In response to paragraph 43 of the Complaint, Isner admits that Rubin Resources sent a letter in response to the pause in payments. As to the remaining allegations in paragraph 43, Isner states that the referenced letter speaks for itself and denies any characterization inconsistent therewith.

44. In response to paragraph 44 of the Complaint, Isner lacks knowledge or information sufficient to form a belief as to whether Plaintiff was surprised by Rubin Resources' letter. Isner admits that Pillar Energy planned to send a letter to Rubin Resources explaining that Pillar Energy could defer payments under the July 2016 note, but Isner denies that Pillar Energy did so based on Isner's representations about that note and its effectiveness. Isner further states that the July 2016 note speaks for itself and denies any characterization inconsistent therewith.

45. Isner denies the allegations in paragraph 45 of the Complaint.

46. In response to paragraph 46 of the Complaint, Isner admits that he disclosed to Plaintiff that he had executed a promissory note with Rubin Resources dated October 6, 2016 on

behalf of Pillar Energy. Isner denies Plaintiff's characterization of this note as "undisclosed." With respect to the remaining allegations in paragraph 46, Isner states that the October 2016 note speaks for itself and denies any characterization inconsistent therewith.

47. Isner denies the allegation in the first sentence of paragraph 47 of the Complaint. As to the second sentence of paragraph 47, Isner admits, upon information and belief, that he did not previously notify Plaintiff of the existence of the October 2016 note, and that he had not obtained Plaintiff's consent to enter into the October 2016 note. But Isner denies any implication that he intentionally hid the October 2016 note from Plaintiff, and further denies that he needed Plaintiff's consent to enter into the October 2016 note.

48. Isner denies the allegations in paragraph 48 of the Complaint.

49. In response to paragraph 49 of the Complaint, Isner admits that when he disclosed the October 2016 note to Plaintiff, Plaintiff expressed his view that it was harmful to their business interests and that Isner's agreement to it was imprudent and improper. Isner denies the remaining allegations in paragraph 49, and specifically denies the characterization that Plaintiff "discovered" the October 2016 note.

50. In response to paragraph 50 of the Complaint, Isner admits, upon information and belief, that Plaintiff was not certain that the October 2016 note was enforceable and objected to making payments thereunder for some period of time. Isner denies the remaining allegations in paragraph 50 of the Complaint.

51. In response to paragraph 51 of the Complaint, Isner admits that after he disclosed the October 2016 note, Plaintiff and others associated with Pillar Energy asked Isner about his execution of the October 2016 note and that they all (including Isner) sought to identify a sound

course of action in light of this note. Isner denies the remaining allegations in paragraph 51, and specifically denies the characterizations that Plaintiff and others "discovered" the October 2016 note and that they asked Isner about his "unilateral and improper" decision to execute the note.

52. In response to paragraph 52 of the Complaint, Isner admits that Plaintiff told him that he was personally liable for the October 2016 note because he allegedly executed it without proper approval or authority, but Isner denies that anyone else said this to him and further denies that it is true.

53. Isner denies the allegations in paragraph 53 of the Complaint.

54. In response to paragraph 54 of the Complaint, Isner admits that he (and others) agreed with Rubin Resources to restructure the loan and that the terms of that restructure included a $200,000 payment in November 2020, a $750,000 payment in January 2021, and a $750,000 payment in January 2022. Isner denies the remaining allegations in paragraph 54, and specifically denies the characterization that his execution of the agreement was unapproved, unauthorized, improper, imprudent, or harmful to any company in which Plaintiff had an interest.

55. Isner denies the allegations in paragraph 55 of the Complaint.

56. Isner denies the allegations in paragraph 56 of the Complaint.

57. Isner denies the allegations in paragraph 57 of the Complaint.

58. Isner denies the allegations in paragraph 58 of the Complaint.

59. Isner denies the allegations in paragraph 59 of the Complaint.

60. In response to paragraph 60 of the Complaint, Isner admits that PBC purchased the stock of Blue Creek Gas Company from its owner, and that the purchase was seller financed. Isner denies the remaining allegations in paragraph 60.

61. Isner denies the allegations in paragraph 61 of the Complaint.

62. Isner denies the allegations in paragraph 62 of the Complaint.

63. In response to paragraph 63 of the Complaint, Isner admits that he told Plaintiff that he planned to pay in full the debt owed to the former owner of Blue Creek. Isner denies the remaining allegations in paragraph 63.

64. In response to paragraph 64 of the Complaint, Isner admits that he had made hundreds of thousands of dollars in transfers among some of the "Business Entities," but states that they were intercompany loans common in related, closely held businesses and that they were always repaid. Isner denies the remaining allegations in paragraph 64.

65. Isner denies the allegations in paragraph 65 of the Complaint.

66. Isner denies the allegations in paragraph 66 of the Complaint.

67. Isner denies the allegations in paragraph 67 of the Complaint.

68. Isner denies the allegations in paragraph 68 of the Complaint.

69. Isner denies the allegations in paragraph 69 of the Complaint.

70. Isner denies the allegations in paragraph 70 of the Complaint.

71. In response to paragraph 71 of the Complaint, Isner admits that, in the past, Pillar Energy had hired someone to review its finances. Isner denies the remaining allegations in paragraph 71.

72. In response to paragraph 72 of the Complaint, Isner admits that he, Plaintiff, and other interested individuals discussed a buyout of Plaintiff's interests, but Isner denies the characterization that this was "the second option." Isner further admits that the matters discussed included that Plaintiff would be removed as a guarantor and signatory for the companies'

promissory notes and debt; that Plaintiff would try to find a buyer for his interests; that the companies would have a right of first refusal (per the terms of the applicable operating agreements); and that the companies would hire one or more individuals to transition into Plaintiff's roles. Isner denies the remaining allegations in paragraph 72.

73. In response to paragraph 73 of the Complaint, Isner admits that the proposed buyout of his interests and his removal from the companies was not discussed "in extensive detail," but clarifies that it was not discussed at all. Isner further admits that after he disclosed the October 2016 note in Summer 2020, persons interested in the companies requested meetings with him. Isner lacks knowledge or information sufficient to form a belief as to whether these persons also had meetings without him. Isner denies the remaining allegations in paragraph 73.

74. Isner denies the allegations in paragraph 74 of the Complaint.

75. Isner denies the allegations in paragraph 75 of the Complaint.

76. In response to paragraph 76 of the Complaint, Isner admits that he told certain individuals associated with the companies that Plaintiff was not fulfilling his duties. Isner denies the remaining allegations in paragraph 76 of the Complaint.

77. Isner denies the allegations in paragraph 77 of the Complaint.

78. Isner denies the allegations in paragraph 78 of the Complaint.

79. Isner denies the allegations in paragraph 79 of the Complaint.

80. Isner denies the allegations in paragraph 80 of the Complaint.

81. Isner denies the allegations in paragraph 81 of the Complaint.

82. Isner lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 82 of the Complaint, but Isner denies the allegations to the extent they imply that Isner did anything improper.

83. In response to the allegations in paragraph 83 of the Complaint, Isner admits that he, as Pillar Energy's network administrator, had access to the email accounts and calendars of everyone in the company, including Plaintiff, and that he therefore had the ability to send, receive, and delete emails and appointments associated with Plaintiff's account. Isner denies the remaining allegations in paragraph 83.

84. Isner denies that allegations in paragraph 84 of the Complaint.

85. Isner admits the allegations in paragraph 85 of the Complaint.

86. Isner denies the allegations in paragraph 86 of the Complaint.

87. In response to paragraph 87 of the Complaint, Isner admits that he sent a letter dated March 15, 2021. As to the remaining allegations in paragraph 87, Isner states that the referenced letter speaks for itself and denies any characterization inconsistent therewith. Isner specifically denies that the letter contained mischaracterizations of Plaintiff's words and actions or portrayed him in false light.

88. Isner denies the allegations in paragraph 88 of the Complaint.

89. Isner denies the allegations in paragraph 89 of the Complaint.

90. In response to the allegations in paragraph 90 of the Complaint, Isner states that the referenced letter speaks for itself and denies any characterization inconsistent therewith. Isner specifically denies that the letter contained incorrect assertions.

91. Isner denies the allegations in paragraph 91 of the Complaint.

92. Isner denies the allegations in paragraph 92 of the Complaint.

93. In response to the allegations in paragraph 93 of the Complaint, Isner admits that he sent a letter on behalf of Pillar Energy to Plaintiff on March 29, 2021, declaring Plaintiff's constructive dissociation and breach concerning Pillar Energy and Pillar Enterprises. Isner denies the remaining allegations in paragraph 93.

94. In response to the allegations in paragraph 94 of the Complaint, Isner states that the referenced letter speaks for itself and denies any characterization inconsistent therewith. Isner admits that he never presented Plaintiff with a value determination other than through the referenced letter.

95. Isner denies the allegations in paragraph 95 of the Complaint.

96. In response to paragraph 96 of the Complaint, Isner admits that in letters dated April 13 and 14, 2021, Plaintiff was notified that his ownership interests in Pillar Energy and Pillar Enterprises had been involuntarily transferred and that he had been removed as a manager of Sycamore. Isner denies the characterization that Plaintiff was "deprived" of his ownership interests insofar as it implies that Plaintiff was entitled to keep those interests under the circumstances. As to the remaining allegations in paragraph 96, Isner states that the referenced letters speak for themselves and denies any characterization inconsistent therewith.

97. Isner denies the allegations in paragraph 97 of the Complaint.

98. In response to paragraph 98 of the Complaint, Isner admits that the referenced letters terminated Plaintiff's rights and obligations concerning Pillar Energy and Pillar Enterprises, but Isner denies the characterization that they did so "despite Ezra's substantial contributions and services."

99. In response to paragraph 99 of the Complaint, Isner admits that Plaintiff continues to own Class B non-voting units in Pillar Enterprises. Isner lacks knowledge or information sufficient to form a belief as to whether Plaintiff was informed more than a year after receiving the referenced April 2021 letter that he still had ownership interests in Pillar Enterprises. Isner admits that he was not and is not the manager of Pillar Enterprises.

100. Isner denies the allegations in paragraph 100 of the Complaint.

101. In response to paragraph 101 of the Complaint, Isner admits that Plaintiff received a notice and Agreement in Lieu of Meeting of Members concerning his removal as a manager of Sycamore. Isner denies that the referenced agreement "was informed and precipitated by Jeff's campaign to misrepresent Ezra's words and actions." As to the remaining allegations in paragraph 101, Isner states that the referenced documents speak for themselves and denies any characterization inconsistent therewith.

102. Isner denies the allegations in paragraph 102 of the Complaint.

103. Isner denies the allegations in paragraph 103 of the Complaint.

104. Isner denies the allegations in paragraph 104 of the Complaint.

105. Isner denies the allegations in paragraph 105 of the Complaint.

106. Isner denies the allegations in paragraph 106 of the Complaint.

107. In response to paragraph 107 of the Complaint, Isner admits that Plaintiff held a right to acquire additional interests in certain of the "Business Entities" once certain metrics or time targets were reached. Isner denies the remaining allegations in paragraph 107.

108. Isner denies the allegations in paragraph 108 of the Complaint.

109. Isner denies the allegations in paragraph 109 of the Complaint.

110. Isner denies the allegations in the first sentence of paragraph 110 of the Complaint. Isner admits the remaining allegations in paragraph 110.

111. Isner denies the allegations in paragraph 111 of the Complaint.

112. Isner denies the allegations in paragraph 112 of the Complaint.

113. In response to paragraph 113 of the Complaint, Isner admits that he removed Plaintiff from PBC's bank account and that he created a new bank account for PBC that only he can access. Isner denies the remaining allegations in paragraph 113.

114. Isner denies the allegations in paragraph 114 of the Complaint.

115. Isner denies the allegations in paragraph 115 of the Complaint.

116. Isner denies the allegations in paragraph 116 of the Complaint.

117. In response to paragraph 117 of the Complaint, Isner admits that Pillar Energy received one asset from Pillar Fund 2, LLC. Isner denies the remaining allegations in paragraph 117.

118. In response to paragraph 118 of the Complaint, Isner admits that he has continued to receive payments from certain of the companies but denies the remaining allegations in paragraph 118.

119. Isner denies the allegations in paragraph 119 of the Complaint.

COUNT I

120. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

121. Paragraph 121 of the Complaint states a legal conclusion to which no response is required.

122. Paragraph 122 of the Complaint states a legal conclusion to which no response is required. To the extent paragraph 122 implies that Pillar Energy and Pillar Enterprises are member managed limited liability companies, Isner denies that implication.

123. Paragraph 123 of the Complaint states a legal conclusion to which no response is required.

124. Paragraph 124 of the Complaint states a legal conclusion to which no response is required.

125. Paragraph 125 of the Complaint states a legal conclusion to which no response is required.

126. In response to paragraph 126 of the Complaint, Isner admits that he was and is a manager and officer of Pillar Energy, and that he was and is a member of both Pillar Energy and Pillar Enterprises. Isner denies the remaining allegations in paragraph 126.

127. Isner denies the allegations in paragraph 127 of the Complaint, insofar as Plaintiff was no more a "minority owner" than Isner was. The remaining allegations in paragraph 127 state a legal conclusion to which no response is required.

128. Isner denies the allegations in paragraph 128 of the Complaint.

129. Isner denies the allegations in paragraph 129 of the Complaint.

COUNT II

130. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

131. Paragraph 131 of the Complaint states a legal conclusion to which no response is required.

132. Paragraph 132 of the Complaint states a legal conclusion to which no response is required.

133. Paragraph 133 of the Complaint states a legal conclusion to which no response is required.

134. Paragraph 134 of the Complaint states a legal conclusion to which no response is required.

135. Paragraph 135 of the Complaint states a legal conclusion to which no response is required.

136. In response to paragraph 136 of the Complaint, Isner admits that he was a member and officer of PBC, and that he acted as a "manager" insofar as PBC is a member managed limited liability company. Isner denies the remaining allegations in paragraph 136.

137. In response to paragraph 137 of the Complaint, Isner admits that Plaintiff is and was a member of PBC. The remaining allegations in paragraph 137 state a legal conclusion to which no response is required.

138. Isner denies the allegations in paragraph 138 of the Complaint.

139. Isner denies the allegations in paragraph 139 of the Complaint.

COUNT III

140. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

141. Paragraph 141 of the Complaint states a legal conclusion to which no response is required.

142. Paragraph 142 of the Complaint states a legal conclusion to which no response is required. To the extent paragraph 142 implies that Sycamore is a member managed limited liability company, Isner denies that implication.

143. Paragraph 143 of the Complaint states a legal conclusion to which no response is required.

144. Paragraph 144 of the Complaint states a legal conclusion to which no response is required.

145. Paragraph 145 of the Complaint states a legal conclusion to which no response is required.

146. In response to paragraph 146 of the Complaint, Isner admits that he was and is a member and manager of Sycamore but denies the remaining allegations in paragraph 146.

147. In response to paragraph 147 of the Complaint, Isner admits that Hadic, LLC, an entity owned by Plaintiff, was and is a member of Sycamore. Isner denies that Plaintiff "acted as a minority owner" in Sycamore, insofar as Plaintiff was no more a "minority owner" than Isner was. The remaining allegations in paragraph 147 state a legal conclusion to which no response is required.

148. Isner denies the allegations in paragraph 148 of the Complaint.

149. Isner denies the allegations in paragraph 149 of the Complaint.

COUNT IV

150. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

151. Paragraph 151 of the Complaint states a legal conclusion to which no response is required.

152. Isner denies the allegations in paragraph 152 of the Complaint.

153. Isner denies the allegations in paragraph 153 of the Complaint.

154. Isner denies the allegations in paragraph 154 of the Complaint.

155. Isner denies the allegations in paragraph 155 of the Complaint.

156. Isner denies the allegations in paragraph 156 of the Complaint.

157. Isner denies the allegations in paragraph 157 of the Complaint.

COUNT V

158. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

159. In response to paragraph 159 of the Complaint, Isner admits that he is a member and officer of PBC, and that he is a "manager" of PBC insofar as PBC is a member managed limited liability company.

160. Paragraph 160 of the Complaint states a legal conclusion to which no response is required.

161. Paragraph 161 of the Complaint states a legal conclusion to which no response is required.

162. Isner denies the allegations in paragraph 162 of the Complaint.

163. Isner denies the allegations in paragraph 163 of the Complaint.

164. Isner denies the allegations in paragraph 164 of the Complaint.

165. Isner denies the allegations in paragraph 165 of the Complaint.

166. Isner denies the allegations in paragraph 166 of the Complaint.

167. Isner denies the allegations in paragraph 167 of the Complaint.

168. Isner denies the allegations in paragraph 168 of the Complaint.

169. Isner denies the allegations in paragraph 169 of the Complaint.

170. Isner denies the allegations in paragraph 170 of the Complaint.

171. Isner denies the allegations in paragraph 171 of the Complaint.

172. Isner denies the allegations in paragraph 172 of the Complaint, and further denies that he engaged in malfeasance or breached fiduciary duties.

173. Paragraph 173 of the Complaint states a legal conclusion to which no response is required.

COUNT VI

174. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

175. Paragraph 175 of the Complaint states a legal conclusion to which no response is required.

176. Paragraph 176 of the Complaint states a legal conclusion to which no response is required.

177. Paragraph 177 of the Complaint states a legal conclusion to which no response is required.

178. Isner denies the allegations in paragraph 178 of the Complaint.

179. Isner denies the allegations in paragraph 179 of the Complaint.

180. In response to paragraph 180 of the Complaint, Isner admits that he exercised his right under the Involuntary Option provision of Pillar Energy's operating agreement to purchase Plaintiff's units in Pillar Energy at the purchase price set forth in the operating agreement. Isner further admits that Pillar Enterprises exercised its right under the Involuntary Option provision of Pillar Enterprises' operating agreement to purchase Plaintiff's Class B voting units in Pillar Enterprises at the purchase price set forth in the operating agreement, and that a portion of those units were subsequently transferred to Isner. Isner denies the remaining allegations in paragraph 180.

181. Isner denies the allegations in paragraph 181 of the Complaint.

182. Isner denies the allegations in paragraph 182 of the Complaint.

COUNT VII

183. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

184. Paragraph 184 of the Complaint states a legal conclusion to which no response is required.

185. Isner denies the allegations in paragraph 185 of the Complaint.

186. Paragraph 186 of the Complaint states a legal conclusion to which no response is required.

187. Isner denies the allegations in paragraph 187 of the Complaint.

COUNT VIII

188. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

189. Paragraph 189 of the Complaint states a legal conclusion to which no response is required.

190. Paragraph 190 of the Complaint states a legal conclusion to which no response is required.

191. Paragraph 191 of the Complaint states a legal conclusion to which no response is required.

192. Isner denies the allegations in paragraph 192 of the Complaint.

193. Isner denies the allegations in paragraph 193 of the Complaint.

194. Isner denies the allegations in paragraph 194 of the Complaint.

195. Isner denies the allegations in paragraph 195 of the Complaint.

196. In response to paragraph 196 of the Complaint, Isner admits that he had long been charged with handling most of the financial matters for most of the "Business Entities." Isner denies the remaining allegations in paragraph 196.

197. Isner denies the allegations in paragraph 197 of the Complaint.

198. Isner denies the allegations in paragraph 198 of the Complaint.

COUNT IX

199. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

200. Paragraph 200 of the Complaint states a legal conclusion to which no response is required.

201. Paragraph 201 of the Complaint states a legal conclusion to which no response is required.

202. Isner denies the allegations in paragraph 202 of the Complaint.

203. Isner denies the allegations in paragraph 203 of the Complaint.

204. Isner denies the allegations in paragraph 204 of the Complaint.

205. Isner denies the allegations in paragraph 205 of the Complaint.

206. Isner denies the allegations in paragraph 206 of the Complaint.

COUNT X

207. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

208. Paragraph 208 of the Complaint states a legal conclusion to which no response is required.

209. Isner denies the allegations in paragraph 209 of the Complaint.

210. Isner denies the allegations in paragraph 210 of the Complaint.

211. Isner denies the allegations in paragraph 211 of the Complaint.

COUNT XI

212. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

213. Paragraph 213 of the Complaint states a legal conclusion to which no response is required.

214. Paragraph 214 of the Complaint states a legal conclusion to which no response is required.

215. Paragraph 215 of the Complaint states a legal conclusion to which no response is required.

216. Isner denies the allegations in paragraph 216 of the Complaint.

217. Isner denies the allegations in paragraph 217 of the Complaint.

COUNT XII

218. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

219. Paragraph 219 of the Complaint states a legal conclusion to which no response is required.

220. Isner denies the allegations in paragraph 220 of the Complaint.

221. Isner denies the allegations in paragraph 221 of the Complaint.

222. Isner denies the allegations in paragraph 222 of the Complaint.

223. Isner denies the allegations in paragraph 223 of the Complaint.

224. Isner denies the allegations in paragraph 224 of the Complaint.

COUNT XIII

225. Isner incorporates by reference his responses to the preceding paragraphs of the Complaint.

226. Paragraph 226 of the Complaint states a legal conclusion to which no response is required.

227. Isner denies the allegations in paragraph 227 of the Complaint.

228. Isner denies the allegations in paragraph 228 of the Complaint.

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229. The "WHEREFORE" clause following paragraph 228 of the Complaint sets forth Plaintiff's requests for relief and requires no response. To the extent a response is required, Isner denies that Plaintiff is entitled to the relief requested or any relief whatsoever.

230. Isner denies any and all allegations and characterizations in the Complaint not specifically admitted herein.

AFFIRMATIVE DEFENSES

First Defense

The Complaint fails to state a claim upon which relief may be granted.

Second Defense

To the extent Plaintiff incurred any alleged damages or harms, the damages and harms were solely the result of Plaintiff's own negligent, reckless, fraudulent, and/or otherwise improper conduct.

Third Defense

A portion of Plaintiff's claims may be barred by the applicable statute of limitations.

Fourth Defense

A portion of Plaintiff's claims may be barred by the doctrine of laches.

Fifth Defense

A portion of Plaintiff's claims may be barred by the doctrine of unclean hands.

Sixth Defense

A portion of Plaintiff's claims may be barred by the doctrines of waiver and/or estoppel.

Seventh Defense

Plaintiff, through his conduct, has ratified or condoned a portion of the conduct of which he now complains.

Eighth Defense

Plaintiff's claims are barred to the extent that Plaintiff's damages are speculative, uncertain, and hypothetical.

Ninth Defense

Plaintiff's claims are barred to the extent that they are based on acts performed in good faith on the advice of counsel.

Tenth Defense

To the extent that Plaintiff's claims are based on alleged conduct involving Pillar Fund 1, LLC, Pillar Fund 2, LLC, or Sycamore Midstream LLC, the mandatory arbitration clauses in the operating agreements for those entities prohibit him from litigating his claims in this Court.

Eleventh Defense

Plaintiff's claims for punitive or exemplary damages are barred or subject to remittitur. In the alternative, any penal award to Plaintiffs is unconstitutional insofar as it violates the due process protections afforded by the United States Constitution, the excessive fines clause of the Eighth Amendment of the United States Constitution, the Full Faith and Credit Clause of the United States Constitution, and applicable provisions of the Constitution of this State or that of any other state whose laws may apply. Any law, statute, or other authority purporting to permit the recovery of punitive damages or civil penalties in this case is unconstitutional, facially and as applied, to the extent that, without limitation, it: (1) lacks constitutionally sufficient standards to

guide and restrain the jury's discretion in determining whether to award punitive damages or civil penalties and/or the amount, if any; (2) is void for vagueness in that it fails to provide adequate advance notice as to what conduct will result in punitive damages or civil penalties; (3) unconstitutionally may permit recovery of punitive damages or civil penalties based on harms to third parties, out-of-state conduct, conduct that complied with applicable law, or conduct that was not directed, or did not proximately cause harm, to Plaintiffs; (4) unconstitutionally may permit recovery of punitive damages or civil penalties in an amount that is not both reasonable and proportionate to the amount of harm, if any, to Plaintiffs and to the amount of compensatory damages, if any; (5) unconstitutionally may permit jury consideration of net worth or other financial information relating to Defendant; (6) lacks constitutionally sufficient standards to be applied by the trial court in post-verdict review of any award of punitive damages or civil penalties; (7) lacks constitutionally sufficient standards for appellate review of any award of punitive damages or civil penalties; (8) would unconstitutionally impose a penalty, criminal in nature, without according to Defendant the same procedural protections that are accorded to criminal defendants under the constitutions of the United States, this State, and any other state whose laws may apply; and (9) otherwise fails to satisfy Supreme Court precedent, including, without limitation, *Pacific Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1 (1991); *TXO Production Corp. v. Alliance Resources, Inc.*, 509 U.S. 443 (1993); *BMW of N. Am. v. Gore*, 517 U.S. 559 (1996); *State Farm Ins. Co. v. Campbell*, 538 U.S. 408 (2003); and *Philip Morris USA v. Williams*, 549 U.S. 346 (2007).

Twelfth Defense

Isner incorporates by reference each and every defense available to him in Rules 8 and 12 of the West Virginia Rules of Civil Procedure, and further reserves the right to raise such additional defenses as may appear appropriate as this case develops.

WHEREFORE, Isner respectfully requests that this Court dismiss the Complaint with prejudice, award him his attorney fees and costs to the extent permitted by contract or law, and grant him any other relief that the Court deems just and proper.

Isner demands a trial by jury on all issues so triable.

COUNTERCLAIM

Defendant and Counterclaim Plaintiff Jeffrey Isner, by counsel, hereby brings this Counterclaim against Plaintiff and Counterclaim Defendant Ezra Schoolcraft:

I. Nature of the action

1. Isner and Schoolcraft are business associates who, along with certain other individuals, formed a series of oil and gas companies in West Virginia. Those companies include Pillar Energy, LLC ("Pillar Energy"); Pillar Enterprises, LLC ("Pillar Enterprises"); PBC Energy, LLC ("PBC"); Pillar Fund 1, LLC "Pillar Fund 1"); Pillar Fund 2, LLC ("Pillar Fund 2"); and Sycamore Midstream LLC ("Sycamore") (collectively, "the Companies").

2. In 2020, when times were tough in the oil and gas industry, Schoolcraft effectively abandoned the Companies to pursue a tomato farm project that he believed would be more lucrative. He told Isner and others that he wanted out of the Companies and began shirking his duties to them. But when the Companies made clear to Schoolcraft that they could not pay him what he wanted for his interests—and notified him that they would exercise a contractual option

to involuntarily transfer his interests in certain of the Companies—he fabricated a revisionist history, falsely claiming that he never said he wanted out, that he fully performed his duties, and that Isner had mismanaged the Companies.

3. In this counterclaim, Isner seeks a declaratory judgment that he and others validly exercised their contractual rights to involuntarily transfer certain of Schoolcraft's interests in the Companies.

II. Parties

4. Counterclaim Plaintiff Jeffrey Isner is a citizen and resident of Jackson County, West Virginia.

5. Upon information and belief, Counterclaim Defendant Ezra Schoolcraft is a citizen and resident of Putnam County, West Virginia.

III. Jurisdiction and venue

6. This Court has jurisdiction to hear this matter pursuant to Article VIII, Section 6 of the West Virginia Constitution, W. Va. Code § 51-2-2, and W. Va. Code 55-13-1, *et seq*.

7. This Court is a proper venue because the causes of action arose in Kanawha County, where the Companies are based and headquartered, and because Schoolcraft has effectively consented to venue in this Court by bringing his claims here.

IV. Facts

A. Isner brings Schoolcraft in on his idea to start an oil and gas business.

8. In 2009, Isner and Schoolcraft were both employees of Eagle Research Corporation.

9. One day, while the two of them were traveling together, Isner told Schoolcraft about his idea to own and operate oil and gas wells. Schoolcraft said, "If you want a partner, I'm in," or words to that effect.

10. Not long thereafter, Isner and Schoolcraft formed Pillar Energy. Initially, they each owned 50% of the company. Pillar Energy was and is a manager managed limited liability company, and Isner was and is the manager.

11. In the early days of Pillar Energy, Isner and Schoolcraft agreed that although they would each own a 50% of the company, Isner would have 51% of the decision-making authority and Schoolcraft would receive 51% of the profits.

12. In 2010, Isner contacted Rich Heffelfinger—a former co-worker of Isner's father and Vice President of an oil and gas company called Rubin Resources, Inc.—and said he was looking to get into the oil and gas business. Heffelfinger, on behalf of Rubin Resources, offered to sell 10 wells to Pillar Energy. Isner accepted, and Pillar Energy purchased its first 10 wells.

B. Though Isner's efforts, Pillar Energy continues to grow, and Pillar Enterprises is formed.

13. Isner began calling everyone in the IOGA-WV directory in search of opportunities to purchase more wells.

14. As a result of Isner's efforts, Pillar Energy purchased approximately 50 additional wells between 2010 and 2014.

15. Both Isner and Schoolcraft were still working at Eagle Research during this time, so they worked for Pillar Energy on nights and weekends. Isner handled the office work and approximately 50% of the field work, while also working to find opportunities to purchase additional wells. Schoolcraft handled the other 50% of the field work.

16. Then, in 2014, Isner found an opportunity to purchase about 100 additional wells. To finance this purchase, Pillar Energy brought in Pat Graney as an additional investor.

17. Graney formed Pillar Enterprises, which became a member of Pillar Energy. Pillar Enterprises initially owned 10% of Pillar Energy, but it later came to own 35% of Pillar Energy.

18. Graney initially owned 100% of Pillar Enterprises. Isner and Schoolcraft each subsequently acquired a 16.67% interest, leaving Graney with a 66.66% interest. Graney was and is also the manager of Pillar Enterprises.

19. Following the purchase of the 100 wells in 2014, Pillar Energy had enough business for either Isner or Schoolcraft to leave Eagle Research and work for Pillar Energy full time. Isner gave Schoolcraft the opportunity, but ultimately the two of them decided that Isner would take on this role. It was his idea to start the company, so he would be the one to give up the security of employment with Eagle Research and take on the significant risk of having Pillar Energy as his only source of income.

20. During this period, which lasted approximately from 2014 through early-to-mid-2016, Isner handled all of the office work and most of the field work for Pillar Energy, while also continuing his efforts to grow the business.

21. In early 2016, through Isner's efforts and contacts, Pillar Energy bought hundreds of additional wells. To help finance these purchases, Pillar Energy brought in multiple additional investors, all of whom became owners of Class B non-voting units of Pillar Enterprises. The distribution of the voting units of Pillar Enterprises remained unchanged, with Graney owning 66.66% and Isner and Schoolcraft each owning 16.67%.

22. Following these early 2016 well purchases, Schoolcraft left Eagle Research to work full time for Pillar Energy along with Isner. They agreed and understood that Isner would handle the business side of the company—including continued growth—while Schoolcraft would be in charge of the field work.

D. Pillar Energy purchases additional wells from Rubin Resources in a seller-financed transaction.

23. In July 2016, again through Isner's efforts and contacts, Pillar Energy had the opportunity to purchase approximately 200 wells from Rubin Resources—the same company that sold Pillar Energy its first 10 wells.

24. Pillar Energy's normal course of dealing for every asset purchase was that Isner found the opportunities, negotiated the deals, and executed the paperwork. There was no formal decision-making process nor practice of asking Schoolcraft for consent. The company had completed numerous asset purchases by July 2016 without Isner obtaining Schoolcraft's consent and without Schoolcraft objecting that Isner needed to obtain his consent.

25. On July 7, 2016, Isner executed an asset purchase agreement with Rubin Resources on behalf of Pillar Energy. His execution of this agreement was consistent with his and Schoolcraft's normal course of dealing with respect to Pillar Energy's asset purchases.

26. On the same day, Isner executed a promissory note with Rubin Resources, as the purchase was seller financed. In that note, Pillar Energy promised to pay Rubin Resources $4,000,000, bearing interest at 8%, in 180 monthly installments. The note provided, however, that Pillar Energy could elect to defer all or any portion of a monthly payment otherwise due.

27. Schoolcraft did not object to or tell Isner not to execute either the asset purchase agreement or the promissory note prior to his execution of those documents.

28. In or about October 2016, after Pillar Energy deferred payments based on shut-ins the company faced during the aftermath of the 2016 flood, the owners of Rubin Resources wanted to require mutual agreement for deferred payments going forward. Accordingly, they asked Isner to sign a revised promissory note that did not include the provision allowing Pillar Energy to unilaterally defer payments.

29. By this point, the owners of Rubin Resources—Rick Rubin and Rich Heffelfinger—were investors in Pillar Energy. Through an entity called Pine Resources, LLC, they owned 7.7% of the Class B non-voting units of Pillar Enterprises (which owned 35% of Pillar Energy).

30. Thus, if Isner refused the request to amend the note, he would upset two Pillar Energy investors. And since Heffelfinger and Rubin were Pillar Energy investors, Isner believed they would not do anything to harm the Companies. Further, Isner believed their request was reasonable. Accordingly, on or about October 6, 2016, Isner signed a revised promissory note that replaced the original July 2016 note.

31. Schoolcraft generally did not ask for copies of transactional documents, and Isner was not in the practice of sending them to him. Thus, to the extent Isner did not send a copy of the October 6, 2016, revised note to Schoolcraft in October 2016, that is consistent with his and Schoolcraft's normal course of dealing.

32. The July 7, 2016, purchase agreement with Rubin Resources has greatly benefited Pillar Energy. In addition to the income generated by the wells, the purchase expanded the Companies' operations to the northern part of West Virginia, leading to future opportunities—including a 2020 transaction with Leatherwood, LLC (a CONSOL subsidiary) that helped sustain

Pillar Energy. Further, some of Pillar Energy's best well operators are former Rubin Resources employees that came over as part of the July 2016 deal.

33. To the extent Schoolcraft disliked the purchase and believed that it was invalid without his consent, he took no action. To the contrary, he operated the wells acquired in the July 7, 2016, purchase agreement for years, and accepted money when the wells generated income.

E. Isner and Schoolcraft form PBC.

34. In 2016, Steve Rubin—owner of Blue Creek Gas Company—called Isner with an opportunity to purchase additional wells but had two conditions: (a) he didn't want the wells to go into Pillar Energy, and (b) the deal had to be a stock purchase rather than an asset purchase.

35. As a result, Isner and Schoolcraft formed PBC to purchase the stock in Blue Creek, which it did through a Stock Purchase Agreement dated September 30, 2016.

36. Isner and Schoolcraft each owned—and still own—50% of PBC.

37. PBC was and is a member managed limited liability company.

F. Isner, Schoolcraft, and others form Pillar Fund 1, Pillar Fund 2, and Sycamore.

38. Between 2017 and mid-2019, Isner, Schoolcraft, and others formed Pillar Fund 1, Pillar Fund 2, and Sycamore to purchase and own certain additional wells and pipelines.

39. Isner and Schoolcraft each own approximately 21.33% of Pillar Fund 1, 5% of Pillar Fund 2, and 5% of Sycamore, although Schoolcraft owns his interest in Sycamore indirectly through an entity called Hadic, LLC.

40. Pillar Energy was and is the manager of Pillar Fund 1 and Pillar Fund 2.

41. Isner and Schoolcraft were co-managers of Sycamore.

G. With Schoolcraft's knowledge and consent, Pillar Energy compromises and restructures its debt to Rubin Resources.

42. In 2020, times were tough in the oil and gas industry, and Pillar Energy missed some payments to Rubin Resources. In June 2020, Rubin Resources sent a demand letter regarding the missed payments.

43. The Companies have an informal Advisory Board consisting of Pat Graney, Marty Becker, Lynch Christian, and Steve Wehrle, all of whom have direct or indirect ownership interests in the Companies. Graney and Becker are members of Pillar Enterprises (which is a member of Pillar Energy), Pillar Fund 1, Pillar Fund 2, and Sycamore. Hansarlyn Partners, LP—an entity in which Christian is a general partner—is a member of Pillar Enterprises, Pillar Fund 1, Pillar Fund 2, and Sycamore. Wehrle is a member of Pillar Enterprises, Pillar Fund 2, and Sycamore.

44. Isner and Schoolcraft discussed Rubin Resources' demand with members of the Advisory Board.

45. The group began working on a response asserting that Pillar Energy had the unilateral right to defer payments, but then Isner recalled that the October 2016 revised note eliminated that right. He then provided a copy of the revised note to the others.

46. Around this time, Pillar Energy closed a deal with Leatherwood, LLC that would provide Pillar Energy with $7.5 million in three installments of $2.5 million each.

47. Schoolcraft had wanted to keep the Leatherwood deal out of Pillar Energy so that he and Isner could split the profits without sharing them with the Companies' investors. Isner told Schoolcraft that he didn't feel right doing that and told Schoolcraft to ask Graney for his thoughts on the matter. Graney told Schoolcraft that the Leatherwood deal needed to be in Pillar Energy.

48. The owners of Rubin Resources, as investors in the Companies, became aware of Pillar Energy's pending income from the Leatherwood deal.

49. A series of meetings and negotiations with the owners of Rubin Resources followed, culminating in the execution of an amended promissory note on November 20, 2020. Schoolcraft was present for all or nearly all of the meetings and negotiations leading up to this November 2020 note.

50. The November 2020 amended note was objectively good for Pillar Energy. It reduced the principal amount of the original note from $4,000,000 to $3,500,000 and the interest rate from 8% to 1.2%. Further, the note made payment of over half the $3,500,000 principal contingent on market conditions. The amended note required Pillar Energy to pay $200,000 upon execution and two additional $750,000 payments following Pillar Energy's scheduled receipt of funds from the Leatherwood transaction, but the remaining $1,800,000 was payable in monthly installments that only need to be paid for months in which the "Appalachian Index Gas Price" is $3.75 per dekatherm or higher. And the obligation to make monthly payments would terminate on January 1, 2038 regardless of whether some or all of the $1,800,000 remained unpaid due to the "Appalachian Index Gas Price" being under $3.75 per dekatherm.

51. Schoolcraft was at every meeting leading up to the execution of the November 2020 amended note and never instructed Isner not to proceed. To the contrary, after one of the meetings in which the proposed amended note was discussed, Schoolcraft said "we have to take that deal."

52. Members of the Advisory Board also recommended executing the November 2020 amended note. Further, several members of the Advisory Board expressed their enthusiasm and congratulations to both Isner and Schoolcraft following the execution.

53. Because Pillar Energy did not have the cash to make the initial $200,000 payment called for in the amended note, Isner transferred money from PBC to Pillar Energy.

54. This transfer—which was recorded on both companies' books and in no way hidden from Schoolcraft—did not harm PBC in any way. Pillar Energy paid the full amount back to PBC less than two months later.

55. Although Schoolcraft would later claim that the transfer risked violating the stock purchase agreement between PBC and the owner of Blue Creek, the owner of Blue Creek is aware of the transfer and has not attempted to take any action against PBC.

H. Schoolcraft repeatedly states that he wants out of the Companies and stops performing his duties.

56. On November 20, 2020, following the execution of the amended promissory note, Schoolcraft told Isner that he wanted to "get out of everything" with respect to the Companies. Schoolcraft indicated that he was unhappy that Isner signed the amended note, even though he participated in every step of the renegotiation and acknowledged that Pillar Energy needed to take the deal. Isner asked Schoolcraft to give the matter some more thought and meet again to discuss whether he still wanted to leave the Companies.

57. On or about November 30, 2020, Isner and Schoolcraft met for lunch. At this meeting, Schoolcraft said he still wanted to leave and asked for $3.6 million to get out of all the Companies. Isner responded that the Companies could not pay that amount and recommended that Schoolcraft talk to Pat Graney.

58. Upon information and belief, Schoolcraft called Graney on December 2, 2020, and said he wanted out.

59. Upon information and belief, Graney and Marty Becker met with Schoolcraft on or about December 7th, 15th, and 20th to convince him to stay, but Schoolcraft reaffirmed that he still wanted out.

60. From December 2020 through April 2021, Schoolcraft was absent from work, often would not respond to efforts to contact him, and failed to fulfil his duties to the Companies.

61. For example, on March 22, 2021, Schoolcraft failed to meet with WVDOH officials about moving a pipeline. Isner was forced to attend instead.

62. As another example, on March 24, 2021, Schoolcraft failed to respond to a WVDEP official about a leak. Once again, Isner was forced to cover for Schoolcraft.

63. And throughout the first quarter of 2021, members of the Advisory Board repeatedly asked Schoolcraft for proposed business plans and budgets but Schoolcraft never provided them.

64. To be clear, these are not the only instances in which Schoolcraft demonstrated that he was disengaging from the Companies. He consistently failed to communicate with Isner regarding the operations of the Companies, resulting in an unworkable business relationship.

65. On March 5, 2021, Graney met with both Isner and Schoolcraft to attempt to resolve the situation. Isner stated that they needed to communicate better and that he wanted Schoolcraft to resume his previous level of participation. But Schoolcraft said he could not "move past" his dissatisfaction with November 2020 amended promissory note, and that he "is not going to be the level of partner that he was," or words to that effect. And after Isner explained that the two of them needed to work together several days per week and have daily communication regarding their

whereabouts and the operations of the Companies, Schoolcraft responded that this sounded "awful" and reiterated that he wanted out of the ownership of the Companies.

66. Upon information and belief, Schoolcraft's dissatisfaction with the November 2020 amended promissory note stemmed from the fact that he wanted to keep the money from the 2020 Leatherwood deal for himself and was bitter that it was being used to pay Pillar Energy's debt to Rubin Resources.

I. Schoolcraft devotes his time and energy to a tomato farm business instead of the Companies.

67. In October 2020, one of Schoolcraft's acquaintances told him about an opportunity to develop a tomato farming company estimated to be worth over a billion dollars.

68. Soon thereafter, Schoolcraft was in discussions to raise money in exchange for an ownership interest in the company and also expressed interest in managing the field side of the company.

69. By December 2020, Schoolcraft was participating in weekly project updates calls and detailed meetings regarding the tomato project.

70. Upon information and belief, from December 2020 through April 2021, Schoolcraft was far more interested and engaged in developing his fledgling tomato business than performing his duties to the Companies.

71. Upon information and belief, from December 2020 through April 2021, Schoolcraft was working full-time for his burgeoning tomato business while neglecting his duties to the Companies.

J. Isner and others exercise their right to involuntarily transfer certain of Schoolcraft's interests in the Companies.

72. On March 15, 2021, after Schoolcraft repeatedly stated that he wanted out of the Companies, failed to fulfill his duties to the Companies, and refused to restore his prior level of participation, Pillar Energy and Pillar Enterprises sent Schoolcraft an offer to buy his ownership interests in the Companies.

73. That offer that included (1) returning Schoolcraft's cash investments of $50,000 in Pillar Enterprises and $48,000 in Pillar Fund 1; (2) using best efforts to remove Schoolcraft as a guarantor on the Companies' bank liabilities; (3) paying Schoolcraft a total of $25,500 in monthly payments through April 30, 2021; (4) continuing his health insurance, cell phone, and life insurance through April 30, 2021; and (5) giving him the choice between (a) a contingent future payment of the $378,082.90 balance in his deferred compensation account if and when Pillar Energy becomes profitable enough to make deferred compensation payments, or (b) an immediate cash payment of $50,000.

74. On March 29, 2021, after Schoolcraft failed to accept the March 15 offer or make a reasonable counteroffer, Isner and Pillar Enterprises—in consultation with the Advisory Board and on the advice of counsel—invoked the involuntary transfer provisions in the Pillar Energy and Pillar Enterprises operating agreements.

75. Those provisions gave Isner, Pillar Energy, and Pillar Enterprises the right to buy Schoolcraft's units in those entities for a stated price. That price was Schoolcraft's share of the net book value of the tangible assets of each entity. Because neither Pillar Energy nor Pillar Enterprises had positive book value, the price—as determined by an independent accounting firm—amounted to zero dollars.

76. After Isner and the Companies made clear to Schoolcraft that they would not and could not pay him millions of dollars for his interests in the Companies, Schoolcraft attempted to revise history, falsely claiming that he never said he wanted out of the companies and falsely accusing Isner of misconduct. Among other things, Schoolcraft has falsely alleged that Isner impermissibly executed the July 2016 Rubin Resources transaction documents, the October 2016 revised promissory note, and the November 2020 amended promissory note without his consent.

77. On April 14, 2021, Isner sent Schoolcraft formal notices that (a) he had exercised his contractual option to acquire Schoolcraft's interest in Pillar Energy and (b) Pillar Enterprises had exercised its contractual option to acquire Schoolcraft's Class B voting units in Pillar Enterprises. Isner signed the notice regarding Schoolcraft's interest in Pillar Energy. Graney signed the notice regarding Schoolcraft's voting units in Pillar Enterprises.

78. Schoolcraft retained his ownership interests in PBC, Sycamore, Pillar Fund 1, and Pillar Fund 2. Schoolcraft also retained his Class B non-voting units in Pillar Enterprises. When these entities make distributions, Schoolcraft receives his proportionate share.

79. Schoolcraft has now sued Isner, claiming, among other things, that Isner wrongfully transferred his ownership interests in Pillar Energy and Pillar Enterprises.

V. Claims for relief

Count I – Declaratory Judgment

80. Isner re-alleges the preceding paragraphs of this Counterclaim herein as if fully pleaded.

81. Pursuant to W. Va. Code § 55-13-1 et seq., this Court has the power to decide and declare the respective rights of the parties with respect to the operating agreements of Pillar Energy and Pillar Enterprises.

82. Isner requests a declaratory judgment that (a) he had the right under Pillar Energy's operating agreement to involuntarily transfer Schoolcraft's units in Pillar Energy and properly exercised that right; and (b) that Pillar Enterprises had the right under its operating agreement to involuntarily transfer Schoolcraft's Class B voting units of Pillar Enterprises and properly exercised that right.

WHEREFORE, Isner demands judgment against Schoolcraft for the declaratory relief outlined above, attorneys' fees and costs to the extent permitted by contract or law, and all such other and further relief as the Court deems just and proper.

Isner demands a trial by jury on all issues so triable.

Respectfully submitted,

JEFFREY ISNER,

By Counsel,

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KANAWHA COUNTY CIRCUIT COURT

IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

EZRA SCHOOLCRAFT,

Plaintiff,

v.

JEFFREY ISNER and
PBC ENERGY, LLC,

Defendants.

Civil Action Number: 22-C-910
Judge Jennifer F. Bailey

CERTIFICATE OF SERVICE

I, David R. Pogue, counsel for Defendants, do hereby certify that on this 12th day of December 2022, I have served a true and exact copy of the foregoing "Answer and Counterclaim," via electronic delivery, upon counsel of record as follows:

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22-C-910

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2022 DEC 14 AM 11:16
CATHY S. GATSON, CLERK
KANAWHA COUNTY CIRCUIT COURT

OPERATING AGREEMENT
OF
PILLAR FUND 1 LLC

THIS OPERATING AGREEMENT (this "Agreement") is made effective as of February 1, 2017, by and among **PILLAR FUND 1 LLC,** a West Virginia limited liability company (the "Company"), **JEFFREY B. ISNER,** a resident of West Virginia ("Isner"), **EZRA R. SCHOOLCRAFT,** a resident of West Virginia ("Schoolcraft"), **PATRICK C. GRANEY, III,** a resident of West Virginia ("Graney"), **W. MARSTON BECKER,** a resident of Florida ("Becker"), **C. LYNCH CHRISTIAN, III,** a resident of Virginia ("Christian") (collectively, the "Members," and each individually a "Member"), and **PILLAR ENERGY, LLC,** a West Virginia limited liability company, as Manager.

W I T N E S S E T H:

WHEREAS, the Members desire to organize the Company and to enter into this Agreement to regulate and establish the affairs and business of the Company;

NOW, THEREFORE, for One Dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the mutual promises contained herein, the parties hereto agree as follows:

1. **DEFINITIONS.** The following terms have the meanings ascribed to them below:

a. "Affiliate" means with respect to any Person: (A) any entity or individual that directly or indirectly Controls or holds the power to vote 10% or more of the outstanding voting securities of the Person in question; (B) any Person, 10% or more of whose voting securities are directly or indirectly owned by, Controlled by or held with power to vote by such other Person; (C) any Person directly or indirectly Controlling, Controlled by, or under common control with such other Person; (D) any officer, director or partner of such other Person; (E) if such other Person is an officer, director or partner, any company for which such Person acts in such capacity.

b. "Capital Account" means, with respect to any Member, the Capital Account which shall be maintained for such Member throughout the term of the Company in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited the fair market value of such Member's capital contribution and any additional capital contributions, such Member's distributive share of Profits, and the amount of any Company liabilities that are assumed by such Member;

(ii) To each Member's Capital Account there shall be debited the amount of cash and the fair market value (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under § 752 of the Internal Revenue Code of 1986, as amended (the "Code)) of any Company property distributed to such Member

pursuant to any provision of this Agreement, such Member's distributive share of Losses, allocations to such Member of expenditures of the Company described in § 705(a)(2)(B) of the Code, and the amount of any liabilities of such Member that are assumed by the Company or that are secured by any property contributed by such Member to the Company;

(iii) In the event that any Unit or Units in the Company are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Unit or Units;

(iv) In determining the amount of any liability for purposes of subsections (i) and (ii) hereof, there shall be taken into account Code § 752(c) and any other applicable provisions of the Code as well as the United States Department of Treasury Regulations promulgated thereunder (the "Regulations");

(v) The foregoing provisions and the other provisions of this Agreement relating to the establishment and maintenance of Capital Accounts are intended to comply with Regulations § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations, and in any event the determination and maintenance of the Capital Accounts for the full term of the Company shall be in accordance with the rules of Regulations § 1.704-1(b)(2)(iv). If the Company shall determine that it is necessary to modify the manner in which the capital accounts, or debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company) are computed in order to comply with such Regulations, then the Company shall make such modification.

c. "Confidential Information" means all information concerning or related to the business, operations, financial condition or prospects of the Company or any of its Affiliates, regardless of the form in which such information appears and whether or not such information has been reduced to a tangible form, and specifically includes (A) all information regarding the officers, Managers, directors, employees, equity holders, customers, suppliers, distributors, sales representatives and licensees of the Company and its Affiliates, in each case whether past, present or prospective, (B) all inventions, discoveries, trade secrets, processes, techniques, methods, formulae, ideas and know-how of the Company and its Affiliates and (C) all financial statements, audit reports, budgets and business plans or forecasts of the Company and its Affiliates; provided, however; that Confidential Information does not include (X) information which is or becomes generally known to the public through no act or omission of the Members in violation of the terms of this Agreement and (Y) information that has been or hereafter is lawfully obtained by a Member from a source other than the Company or any of its Affiliates (or their respective officers, managers, directors, employees, equity holders or agents) so long as, in the case of information obtained from a third party, such third party was or is not, directly or indirectly, subject to an obligation of confidentiality owed to the Company or any of its Affiliates at the time such Confidential Information was or is disclosed to such Member or Manager.

d. "Control", "Controlled" and "Controlling" mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

e. "Debtor in bankruptcy" means a Person who is the subject of an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application or a comparable order under federal, state or foreign law governing insolvency.

f. "Distribution" means a transfer of money, property or other benefit from the Company to a Member in the Member's capacity as a Member or to a transferee of the Member's distributional interest.

g. "Distributional interest" means all of a Member's interest in distributions by the Company.

h. "Manager" means the Person designated as the Company's manager pursuant to Section 8.a.

i. "Net Receipts" for a particular taxable year of the Company shall be the taxable income of the Company for federal income tax purposes, adjusted as follows:

(i) The following items shall be added to taxable income: (A) depreciation and other non-cash charges deducted in determining taxable income; and (B) any other income or receipt (excluding a capital contribution and loans to the Company from any Member) that is not included in said taxable income; and

(ii) The following items shall be subtracted from taxable income: (A) Profits or Losses arising from the sale or other disposition of all or substantially all of the assets of the Company; (B) principal payments on all indebtedness; (C) amounts set aside as a reasonable reserve for working capital needs, improvements, replacements or other contingencies; (D) amounts paid for capital expenditures or replacements (other than those withdrawn from the reserve in (C) above); and (E) any other cash expenditures that have not been deducted in determining said taxable income.

j. "Person" means any individual, general partnership, limited partnership, corporation, trust, limited liability company or other association or entity.

k. "Profits" and "Losses" means, for each taxable year of the Company or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with § 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to § 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be added to such taxable income or loss; and

(ii) Any expenditures of the Company described in § 705(a)(2)(B) of the Code or treated as § 705(a)(2)(B) of the Code expenditures pursuant to Regulations § 1.704-

1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this Section, shall be subtracted from such taxable income or loss.

l. "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

m. "Transfer" means, with respect to any Unit or other interest in the Company, a sale, conveyance, assignment, pledge, encumbrance, gift, bequest, hypothecation or other transfer or disposition by any other means, whether for value or no value and whether voluntary or involuntary (including, without limitation, by operation of law), or any agreement to do any of the foregoing.

2. FORMATION OF LIMITED LIABILITY COMPANY. On February ___, 2017, the Members, being all of the members of the Company, formed a limited liability company under the name "PILLAR FUND 1 LLC" pursuant to the provisions of the West Virginia Limited Liability Company Act, West Virginia Code §31B-1-101 *et seq.* (the "Act").

3. GENERAL PROVISIONS.

a. Principal Office. The principal office of the Company in West Virginia shall be located at 412 Tennessee Avenue, Charleston, Kanawha County, West Virginia, 25302 or such other place in West Virginia as the Members may from time to time determine.

b. Articles of Organization. The Articles of Organization were filed in the Office of the Secretary of State of the State of West Virginia (the "State Office") on February ____, 2017 (as amended from time to time in accordance with the terms of the Act and this Agreement, the "Articles of Organization"). The Members shall cause amendments, if any, to be made to the Articles of Organization and properly filed and recorded whenever required by the Act.

c. Term. The Company commenced on February ___, 2017 and shall continue until terminated pursuant to the Articles of Organization, this Agreement or the laws of the State of West Virginia.

d. Operating Agreement. The Members hereby enter into this Agreement to regulate and establish the affairs and business of the Company, the conduct of its business and the relations of the Members to one another and the Company.

e. Nature of Business and Powers. The Company may engage in any lawful business. The Company has the same powers as an individual to do all things necessary or convenient to carry on its business or affairs.

f. Legal Entity. The Company is a legal entity distinct from the Members. A Member is not a co-owner of, and has no transferable interest in, property of the Company. A distributional interest in the Company is personal property and, subject to the terms of this Agreement, may be Transferred in whole or in part.

g. Annual Report for Secretary of State. The Company shall timely deliver to the State Office for filing an annual report that sets forth the information required under the Act. Information in an annual report must be current as of the date the annual report is signed on behalf of the Company. Annual reports must be delivered to the State Office between the first day of January and the first day of April of the ensuing calendar years.

4. CAPITAL.

a. Form of and Liability for Contributions. A contribution of a Member may consist of tangible or intangible property or other benefit to the Company, including money, promissory notes, services performed or other agreements to contribute cash or property, or contracts for services to be performed.

b. Capital Contributions of Members. In exchange for their initial interests in the Company, each of the Members have contributed to the capital of the Company that value as set forth in the attached Schedule of Members, Contributions and Units. The fair market value of any property other than cash to be contributed as additional contributions shall be agreed to between the contributing Member and the Manager.

c. Additional Capital Contributions.

(i) Additional capital contributions shall be made by the Members from time to time whenever the Manager determines that such additional capital contributions are necessary to accomplish the purposes and objectives of the Company. Each Member shall have the right, but not the obligation, to participate in any additional capital contribution pro-rata in accordance with such Member's ownership percentage in the Company. All Members participating in such additional capital contribution shall receive Units in return for their contribution at the then-current subscription rate or, if no such rate exists, at a per-Unit rate based upon the fair market value of the Company at the time of the contributions, as reasonably determined by the Manager (upon advice from the Company's accountant). No Member shall be obligated to make any additional capital contribution to the Company unless agreed to by such Member. In addition, no Member shall be obligated to lend funds to the Company, unless agreed to by such Member.

(ii) If the Manager determines that an additional capital contribution is necessary to accomplish the purposes and objectives of the Company, they shall cause the Company to give each Member a written notice of the additional capital contribution, the aggregate amount of the additional capital contribution, the type of Units to be issued in connection therewith, the subscription rate and the general terms upon which the Company proposes to issue any Units related to the additional capital contribution (a "Contribution Notice"). Each Member shall have thirty (30) days from the date of receipt of any Contribution Notice to agree to make such Member's pro rata share of the additional capital contribution (including the exercise of rights contained in Section 4.c.(iv) in lieu of participating in such additional capital contribution) based upon its percentage ownership of the Company for the price set forth in the Contribution Notice by giving written notice to the Company and stating the amount of the additional capital contribution to be made. If any Member fails to exercise its rights under this Section with respect to all or any portion of such Member's pro rata share of the

additional capital contribution, then the Company shall have one hundred eighty (180) days thereafter to satisfy any uncommitted portion of the requested additional capital contribution, by issuing or entering into an agreement to issue any new Units related to an existing Member's or a third-party's capital contribution, on terms no more favorable than those offered to the Members in the Contribution Notice. If the Company has not satisfied the full amount of the requested additional capital contribution within such period, then the Company shall not thereafter issue or sell any additional Units without first offering such Units to the Members in the manner provided for herein. Each Member acknowledges that the failure to exercise its rights to make an additional capital contribution under this Section will result in the dilution of such Member's percentage interest in the Company.

(iii) If a subscription agreement with a Member provides for a call for additional funds under a capital commitment, then the Manager, on behalf of the Company, may require that Member to contribute any portion or all of its remaining capital commitment to the Company in accordance with the terms of such subscription agreement.

(iv) In lieu of acquiring Units as an additional capital contribution, any Member may loan the Company a sum of money equal to such Member's pro rata share of any additional capital contribution at a negotiated interest rate pursuant to the terms of a promissory note that is mutually acceptable to the Member and the Manager.

(v) The fair market value of any property other than cash to be contributed as additional contributions shall be agreed upon by the contributing Member and the Manager.

d. No Right to Withdraw Capital. No interest shall accrue on any contribution to the capital of the Company, and no Member shall have the right to withdraw capital from the Company or be repaid any contribution of capital except as otherwise specifically provided herein or in the Act. The Company shall reimburse a Member for an advance to the Company beyond the amount of any contribution the Member agreed to make under Section 4.b. This obligation of the Company to reimburse constitutes a loan to the Company upon which interest accrues from the date of the payment or advance, at a negotiated interest rate as of the date of the advance to the Company.

e. Capital Accounts. A separate Capital Account shall be established and maintained throughout the term of the Company for each Member.

5. MEMBERS' INTERESTS.

a. The Company Units. The equity and distributional interests of the Members in the Company shall initially be divided into **[number]** (_____) equal units (the "Units"). The Members and their respective Units shall be as set forth on the Schedule of Members, Contributions and Units, attached hereto as ***Exhibit A***. Pursuant to the provisions of Section 4.c. above, the respective Units of the Members shall be adjusted from time to time as necessary to properly reflect the relative relationship of each Member's positive Capital Account balance to the aggregate positive Capital Account balances of all of the Members, and the results of such adjustments shall be reflected upon an addendum to the attached Schedule of Members,

Contributions and Units. The Company may issue certificates of interest to the holders of the Units in such form as the Members may consider appropriate.

b. Voting of Units. For all matters upon which a Member is entitled to vote under this Agreement or pursuant to the Act, each Member shall have one vote for each Unit held by the Member. Unless otherwise specifically provided herein, the affirmative vote, approval or consent of Members holding more than fifty percent (50%) of all Units shall be required to decide any matter on which the Members may vote. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by and at the request of the holders of not less than ten percent (10%) of all the outstanding Units of the Company entitled to vote at the meeting. The place of meeting shall be the principal office of the Company, unless otherwise designated or agreed to by the Members. Written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall, unless otherwise prescribed by statute, be delivered not less than five (5) nor more than fifty (50) days before the date of the meeting, either personally or by mail, to each Member of record entitled to vote at such meeting in accordance with Section 13.a. Whenever the vote of Members at a meeting thereof is required or permitted to be taken in connection with any Company action, the meeting and vote of such members may be dispensed with if all of the Members who would have been entitled to vote upon the action, if such meeting were held, shall agree in writing to such action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all Members entitled to vote at a meeting of such Members duly called and legally held. A Member may appoint a proxy to vote or otherwise act for the Member by signing an appointment document, either personally or by the Member's attorney-in-fact.

c. Member's Conduct. The only fiduciary duties a Member owes to the Company and its other Members are the duty of loyalty and the duty of care. A Member's duty of loyalty to the Company and its other Members is limited to the following: (i) to account to the Company and to hold as trustee for it any property, profit or benefit derived by the Member in the conduct or winding up of the Company's business or derived from a use by the Member of the Company's property, including the appropriation of the Company's opportunity; (ii) to refrain from dealing with the Company in the conduct or winding up of the Company's business as or on behalf of a party having an interest adverse to the Company; and (iii) to refrain from competing with the Company in the conduct of the Company's business before the dissolution of the Company, as set forth more fully in Section 5.e. A Member's duty of care to the Company and its other members in the conduct of and winding up of the Company's business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law. A Member shall discharge the duties to the Company and its other Members under the Act or under this Agreement and exercise any rights consistently with the obligation of good faith and fair dealing. No Member violates a duty or obligation under the Act or under this Agreement merely because such Member's conduct furthers such Member's own interest. A Member of the Company may lend money to and transact other business with the Company. As to each loan or transaction, the rights and obligations of any Member are the same as those of a Person who is not a Member, subject to other applicable law. This paragraph applies to a Person winding up the Company's business as the personal or legal representative of the last surviving Member as if the Person were a Member.

d. Non-Disclosure; Non-Use. Each Member and Manager agrees that all Confidential Information (A) is and shall remain (as between such Member or Manager and the Company) the sole and exclusive property and proprietary information of the Company and (B) shall not be used or disclosed by such Member or Manager except (i) in furtherance of the Company's business, (ii) with the prior written consent of the Manager, or (iii) as required by applicable law.

e. Other Business of Members and Managers.

(i) Subject to Section 5.e.(ii), any Member or Manager may engage independently or with others in other business ventures of every nature and description, including, without limitation, the rendering of advice or services of any kind. Subject to Section 5.e.(ii), neither the Company nor any Member or Manager shall have any right by virtue of this Agreement or the Company relationship created hereby in or to such other ventures or activities or to the income or proceeds derived therefrom, and the pursuit of such ventures, even if competitive with the business of the Company, shall not be deemed wrongful or improper.

(ii) Notwithstanding anything to the contrary contained herein, the provisions of Section 5.e.(i) shall be superseded by and not affect the enforceability of any restrictions imposed upon any Member or Manager (or an Affiliate thereof) in an employment, consulting or other similar agreement with the Company

(iii) For the avoidance of doubt, any Member or Manager may engage in any other business that is not in competition, directly or indirectly, with the Company.

f. Consent of the Members. By the execution hereof, the Members expressly consent to the exercise by the Manager of the rights, powers and authority conferred on the Manager by this Agreement. Where this Agreement shall be in conflict with the Act, where permitted, this Agreement shall be deemed to control.

6. PROFITS AND LOSSES.

a. Allocations in General. The Profits and Losses of the Company shall be determined for each taxable year of the Company and shall be allocated ratably among the Members in accordance with their proportionate Units in the Company; provided, however, that if any Member has contributed property other than money to the Company, the allocations shall be governed by § 704(c) of the Code. If any Units shall have been Transferred or assigned during any taxable year, the allocation of the aforementioned items in respect to the interest represented thereby shall be prorated between the transferor and the transferee based upon the time the transferor and the transferee held such Units during the Company's taxable year, in accordance with § 706(d) of the Code.

b. Qualified Income Offset. If any Member unexpectedly receives an adjustment, allocation or distribution described in section (4), (5) or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) which causes or increases a negative balance in such Member's Capital Account, items of the Company's income and gain shall be allocated to such Member in an amount and manner sufficient to eliminate such deficit balance as quickly as possible.

Allocations under this Section 6.b. shall be comprised of a pro rata portion of each item of the Company's income and gain, excluding items allocable under Section 6.c. For purposes of this Section 6.b., Capital Accounts shall be adjusted hypothetically to reflect amounts that the Member is required by this Agreement to restore or is deemed to have an obligation to restore as provided in Regulations Sections 1.704-1(b)(2)(ii)(b)(3), 1.704-1(b)(2)(ii)(c), 1.704-2(g) and 1.704-2(i)(5). It is the intention of the Members that this provision shall constitute a "qualified income offset" and will be administered within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d).

c. Minimum Gain Charge back. If during any fiscal year of the Company there is a net decrease in the Company's "minimum gain" (as determined under Regulations Section 1.704-2(d)(1) and 1.704-2(i)(5)), then each Member shall be specially allocated, prior to any other allocation for the year, items of income and gain for that fiscal year (and, if necessary, subsequent years) in the amount equal to the portion of such Member's share of the net decrease in the Company's minimum gain (determined pursuant to Regulations Section §1.704-2(g)). In the event there should be an allocation under this Section 6.c. to more than one Member, then the allocations shall be in accordance with the ratio of the Members' respective deficit balances. For purposes of this Section 6.c., Capital Accounts shall be adjusted hypothetically in the manner provided in Section 6.b. It is the intention of the Members that this provision shall comply with the "minimum gain charge back" requirement of the Regulations, and shall be administered in accordance with those Regulations.

7. DISTRIBUTIONS.

a. Periodic Distributions. The Net Receipts of the Company may be determined or estimated by the Manager for each taxable year of the Company, and the Manager may declare a distribution, and thereupon, to the extent not in contravention of any applicable law, distribute annually any or all of the Net Receipts ratably among the Members in accordance with their proportionate Units in the Company. Distribution of the Net Receipts, cash or other assets of the Company may be made to the Members prior to liquidation of the Company or liquidation of all or part of a Member's Units. A Member shall not be entitled to receive distributions from the Company at any time before its withdrawal from the Company or before the dissolution and winding-up thereof, unless and until a distribution is declared by the Manager in accordance with the terms of this Agreement. Notwithstanding any of the foregoing, the Manager shall make monthly distributions of profits of the Company to the Company, and the Company shall make quarterly distributions of the profits of the Company to the Members.

b. Distributions in Kind. No Member, regardless of the nature of such Member's contribution, has the right to receive any distribution from the Company in any form other than cash. No Member may be required to accept a distribution of any asset in kind to the extent that the percentage of the asset distributed exceeds a percentage of that asset which is equal to the percentage in which the Member shares in distributions from the Company.

c. Tax Liability Distributions. Any provision contained herein notwithstanding, before the expiration of thirty (30) days after the Company files its federal income tax return, IRS Form 1065, for any taxable period, the Company may, in the Manager's discretion after giving due consideration to all relevant facts and circumstances including,

without limitation, the likely impact on the Company's cash flow and the relative financial condition of the Members, declare and pay a cash distribution to each of the Members (each, a "Tax Liability Distribution") in an amount equal to (i) that portion of the Company's income attributed to such Member during such taxable period multiplied by (ii) the lesser of (A) 35% or (B) the sum of the maximum federal and state individual income tax rates applicable to any Member for such taxable period, and less (iii) the amount of any distributions declared and paid during such taxable period (other than any Tax Liability Distributions declared and paid during such taxable period that were declared and paid under the provisions of this paragraph with respect to a prior taxable period).

8. MANAGEMENT.

a. Management.

(i) Except as otherwise expressly provided in this Agreement or the Act, the Manager shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as they deem necessary or appropriate to accomplish the purposes and direct the affairs of the Company. In the event that the Company has more than one (1) Manager, the vote, approval or consent of a majority of the Managers shall be necessary and sufficient for the Managers to take any binding action on behalf of the Company. The Manager may delegate to one or more of their number in writing the authority to execute any documents or take any other actions in furtherance of any action that the Manager has authorized on behalf of the Company. A Manager shall be entitled to remuneration for services performed for the Company as provided in this Agreement. The Company shall reimburse a Manager for payments made by such Manager in the ordinary course of the business of the Company or for the preservation of its business or property.

(ii) Except to the extent expressly delegated by the Manager, no Member or Person shall be an agent for the Company or have any right, power or authority to transact any business in the name of the Company or to act for or on behalf of or to bind the Company.

(iii) A Manager need not be an individual or a Member; provided, however, that if any Manager is not a Member, such Person must execute a copy of this Agreement agreeing to become bound by the provisions hereof prior to serving as a Manager.

(iv) As of the date hereof, the initial Manager shall be PILLAR ENERGY, LLC. The term of each Manager shall expire at the earlier to occur of such Manager's death, incapacity, resignation or removal.

(v) The removal of any Manager (with or without cause) shall only be made upon the affirmative vote of fifty-one percent (51%) of the Units held by all Members; upon removal a new successor or substitute Manager or Managers may be appointed by upon the affirmative vote of fifty-one percent (51%) of the Units held by all Members.

b. Meetings of the Managers.

(i) In the event that the Company has more than one (1) Manager, the Managers may (but shall not be required to) set any number of regular meetings by resolution, but no more than one regular meeting a quarter. No notice need be given for any annual or regular meeting of the Managers. Any Manager may call at any time a special meeting of the Managers on seventy-two (72) hours written notice to each other Manager, which notice shall specify the time and place of the meeting. A Manager may waive notice of any such meeting by an instrument in writing executed before or after the meeting or by attending such meeting. Managers may attend and participate in meetings either in person or by means of conference telephones or similar communications equipment by means of which all Persons participating in the meeting can hear and speak to each other, and participation in a meeting by means of such communication equipment shall constitute presence in person at any meeting. A majority of the number of Managers fixed by this Agreement, including any amendments hereof, shall constitute a quorum for the transaction of business of any meeting of the Managers.

(ii) Any action to be taken at a meeting of the Managers, or any action that may be taken at a meeting of the Managers, may be taken without a meeting if a majority of the Managers sign a consent in writing setting forth the action so taken. A written consent pursuant to this Section may be validly and effectively delivered by any Manager by facsimile or other electronic transmission. Except as may otherwise be expressly provided in this Agreement, the affirmative vote of a majority of the Managers present at a meeting at which there is a quorum shall be the act of the Managers. As used in this Agreement, the phrase "the approval of the Managers," "the consent of the Managers," "as determined by the Managers" "as authorized by the Managers" and similar phrases means an approval in accordance with this Section, except as expressly provided otherwise in this Agreement.

c. Restrictions on the Authority of the Manager. Notwithstanding anything to the contrary contained herein, without the written consent of the Members owning at least fifty-one percent (51%) of the Units held by all Members, the Manager shall not have the authority to:

(i) sell, lease, transfer, assign or otherwise dispose of all or substantially all of the assets of the Company or any subsidiary thereof; or

(ii) merge or convert the Company (or any subsidiary thereof) into or with any other entity.

d. Business Transactions with Members. Any Member may lend money to and transact other business with the Company and has the same rights and obligations with respect thereto as a Person who is not a Member.

e. Manager's Liability.

(i) The Manager is liable for any loss or injury caused to a Person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a Manager acting in the ordinary course of business of the Company or with authority of the Company. No Manager shall be liable to the Company or its Members for monetary damages for breach of fiduciary duty as a Manager except for liability for acts or omissions not in good

faith or which involve fraud, gross negligence, willful misconduct or a knowing violation of law. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, are solely the debts, obligations and liabilities of the Company. No Member or Manager is personally liable for a debt, obligation or liability of the Company solely by reason of being or acting as a Member or Manager. The failure of the Company to observe the usual company formalities or requirements relating to the exercise of its company powers or management of its business is not a ground for imposing personal liability on a Manager or Member for liabilities of the Company. Any repeal or modification of this Section 8.e. shall not adversely affect any right or protection of a Manager existing, or any right or protection based on a state of facts existing, prior to such repeal or modification.

(ii) Each Manager shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to the matters such Manager reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses or net cash flow or any other facts pertinent to the existence and amount of assets from which distributions to the Members might properly be paid.

f. Time Devoted by Manager. The Manager shall devote to the Company such time as he deems necessary for the proper performance of his duties hereunder, but the Manager shall not be expected to devote his full time to such duties.

g. Maintenance of Company Status. The Manager shall at all times use his best efforts to cause the Company to comply with such conditions as may be required from time to time to permit the Company to be classified, for federal income tax purposes, as a partnership and not as an association taxable as a corporation. The Manager shall take all action that shall be necessary or appropriate for the continuation of the Company's valid existence as a limited liability company under the laws of the State of West Virginia.

h. Management Fees. In addition to all other authorized forms of compensation and reimbursement for reasonable expenses incurred in connection with management of the Company, the Manager shall be entitled to charge the Company a management fee of Two Hundred Fifty Dollars ($250.00) per month for each well managed by the Manager on behalf of the Company.

i. Scope of Management Activities. In addition to all other duties of the Manager provided in this Agreement, the Manager shall perform the following services and functions for the Company:

(i) Maintain all required bond and insurance coverage for all wells of Company, either by securing necessary bonds or policies of insurance or adding Company's wells to Manager's bonds and insurance policies; and

(ii) Complete and submit all reports and other documentation required by local, state, or federal entities or regulatory agencies for each well owned by Company.

9. BOOKS, RECORDS, AUDITS AND RECORDS.

a. Books and Records. The Manager shall keep, or cause to be kept, the records of the Company at the principal office of the Company, and each Member, its agents and attorneys, shall have access to the records. The Company shall provide former members and their agents and attorneys access for proper purposes to records pertaining to the period during which they were Members. The right of access provides the opportunity to inspect and copy records during ordinary business hours. The Company may impose a reasonable charge, limited to the costs of labor and material, for copies of records furnished. The Company shall furnish to a Member and to the legal representative of a deceased Member or Member under legal disability: (i) without demand, information concerning the Company's business or affairs reasonably required for the proper exercise of the Member's rights and performance of the Member's duties under this Agreement or the Act; and (ii) on demand, other information concerning the Company's business or affairs, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances. A Member has the right upon written demand given to the Company to obtain at the Company's expense a copy of the Agreement.

b. Accounting Period, Annual Financial Statements. The accounting period of the Company shall be the calendar year herein referred to as the Company's "taxable year". The Company shall provide each Member with a financial statement of the Company within sixty (60) days after the end of each taxable year of the Company.

c. Reports. The Manager shall prepare or cause to be prepared at the Company's expense:

(i) the financial statements contemplated in Section 9.b.;

(ii) income tax returns for the Company, which it shall timely file with appropriate authorities; and

(ii) a notice of each Member's share of the Profits and Losses for federal income tax purposes for each year and any other information necessary for preparation by each Member of any federal income tax return, which shall be delivered to such Member within sixty (60) days after the end of each taxable year.

d. Federal Income Tax Information. The Manager may elect, in his sole discretion, to adjust the basis of the property of the Company under Section 754 of the Code. The Manager, or one of the Managers in the case of multiple Managers, shall serve as the "Tax Matters Person" to act on behalf of the Company, who will serve as principal representative of the Company in partnership-level administration and judicial proceedings with the Internal Revenue Service. In addition to the duty of the Tax Matters Person to keep each Member informed of all administrative and judicial tax proceedings, the following provisions shall apply with respect to the activities of the Tax Matters Partner:

(i) The Tax Matters Person shall not consent to an extension of any statute of limitations without the consent of the other Managers, if any.

(ii) The Tax Matters Person shall not bring suit in any forum other than the United States Tax Court without the consent of the other Managers, if any.

(iii) Following the receipt by the Tax Matters Person of any notice that the Internal Revenue Service intends to audit any tax return of the Company, the Tax Matters Person shall promptly copy the other Managers, if any, on all further written communication to and from the Internal Revenue Service concerning any such proceeding.

(iv) The Tax Matters Person shall take all procedural steps reasonably requested in writing by the other Managers, if any, including without limitation, requesting extensions of time in which to protest any notice of proposed deficiency and the time, date and place of any meetings or hearings concerning the tax matters in issue.

e. Bank Accounts and Investment of Funds. The Manager shall open and maintain, on behalf of the Company, a bank account or accounts at such time and in such depositories as it shall determine, in which all monies received by or on behalf of the Company shall be deposited. All withdrawals from such accounts shall be made upon the signature of such Person or Persons as the Manager may from time to time designate. Any funds of the Company that the Manager may determine are not currently required for the conduct of the Company's business may be invested at the sole discretion of the Manager.

10. TRANSFER OF UNITS IN COMPANY.

a. General Restriction on Transfer. No Member shall Transfer any one or more Units held by such Member, and no transferee thereof shall be admitted as a substitute member, except as is otherwise expressly permitted under the provisions of this Section 10. The Members acknowledge that the Units have not been registered under either the Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state.

b. Permitted or Required Transfers.

(i) Certain Definitions. The following terms have the meanings ascribed to them below:

A. "Bankruptcy" means any proceeding related to bankruptcy or insolvency or the initiation of proceedings in any state or federal court as an arrangement for a Person's creditors in bankruptcy, reorganization or insolvency.

B. "Disability" means, in the sole discretion of and judgment of the Company, as determined by the Manager, when a Member is unable to perform his duties to the satisfaction of the Company due to a physical or mental incapacity. The Company may, but is not required to, rely on the advice of a physician in making a determination of "Disability".

C. "Divorce" means the divorce or separation of a Member from such Member's spouse where a division of property is required.

D. "Breach of Moral Turpitude" means that a Member has been convicted of, or plead guilty to, a felonious criminal charge or has otherwise engaged in fraudulent or illegal actions which are reasonably likely to have a material adverse effect on the Company's business or its internal affairs or operations.

(ii) Required Transfers. Upon the occurrence of any of the following events, the Company shall redeem the Units held by the Member in accordance with the terms of Sections 10.f and 10.g:

A. The death of a Member; or

B. The Disability of a Member.

(iii) Permitted Transfers. Upon the occurrence of any of the following events, the affected Member (an "Offering Member") shall immediately notify the Company and the remaining Members (the "Remaining Members") of the event and by written notice (a "Trigger Notice") to the Company and the Remaining Members, shall offer to sell all of the Units held by such Offering Member to the Remaining Members, and any of the Remaining Members, in their sole and absolute discretion, may purchase and/or redeem, as applicable, the Units so offered in accordance with the terms of this Section 10 (each, a "Triggering Event"):

A. A Member desires to Transfer for any amount of consideration all or any portion of the Units held by such Member;

B. A Bankruptcy of a Member; or

C. A Divorce of a Member, where such divorcing Member was required by a court of competent jurisdiction to Transfer direct or indirect ownership or control of part or all of the Units held or controlled by such divorcing Member; provided that the divorcing Member shall take any and all steps necessary to retain sole, unencumbered ownership of all of the Units in the Company held or controlled by such Member; or

D. A Member commits or engages in a Breach of Moral Turpitude.

(iv) Offer and Acceptance of Permitted Transfers. Any Offering Member who undergoes a Triggering Event shall provide a Trigger Notice to the Remaining Members and the Company within forty-five (45) days of the occurrence of the Triggering Event. Each of the Remaining Members shall have forty-five (45) days after receipt of the Trigger Notice (the "Response Period") to notify the Offering Member in writing such party's decision with respect to the offer contained in the Trigger Notice. If the parties elect to consummate the transaction contemplated in the Trigger Notice, (A) the price for the Units to be Transferred shall be determined in accordance with Section 10.f. and (B) the manner of payment shall be as set forth in Section 10.g.

c. Additional Terms.

(i) Offer Period. If the offer to the Remaining Members is not timely accepted, then, for a period of twelve (12) months thereafter, the Offering Member may Transfer the subject Units to any interested transferee. The Offering Member shall have the right not to sell such Units to the Remaining Members unless all of the Units contained in the offer are to be Transferred. If such Units have not been Transferred by the Offering Member during the twelve-month period, the Offering Member must make new offers to the then-Remaining Members in accordance with the terms of this Agreement.

(ii) Deemed Offer. Any failure of an Offering Member to make the required offer in a timely manner shall not have an adverse effect upon the ability of the Remaining Members and/or the Company to purchase the Units of the Offering Member. Upon any such failure, the Company shall make such offer on behalf of the Offering Member and the Remaining Member(s) and/or the Company may accept such offer to the same effect as if the Offering Member had made such offer.

d. Pro Rata Purchase of Units. If more than one of the Remaining Members elects to purchase all or part of the Units under Section 10.b.(iv) and the aggregate number of such Units that all such Remaining Members elect to purchase exceeds the number of Units offered, then each such Remaining Member shall have the right to purchase a number of the Units so offered calculated by multiplying the number of Units so offered times a fraction, the numerator being the number of Units owned by such electing Remaining Member, and the denominator being the total number of Units owned by all electing Remaining Members. If each of the Remaining Members elect to purchase its pro-rata share of the Units, then upon the unanimous written consent of the Remaining Members, the election to purchase of Units by the Remaining Members pursuant to this Section 10 may be assigned to the Company in which case the Company will redeem the Units upon the same terms and conditions.

e. New Members; Transferees.

(i) Notwithstanding any other provision in this Agreement, prior to any Transfer or issuance of Units to a Person who is not a Member on the date that this Agreement is signed and is not fully bound by this Agreement, such Person shall agree in writing to be fully bound by the terms of this Agreement by executing a Joinder Agreement, the form of which is attached hereto as ***Exhibit B***. The Members hereby appoint the Company as their agent and attorney to execute such agreement on their behalf and expressly agree to bind themselves to the agreement by the Company's execution of that agreement without further action on their parts.

(ii) Notwithstanding the foregoing, a Transfer of any Units shall not entitle the transferee to become or to exercise any rights of a Member with respect to such Units. A Transfer entitles the transferee to receive, to the extent Transferred, only the distributions to which the transferor would be entitled. A transferee of any Units may become a member of the Company if and to the extent that all other Members consent, provided, however, that if the transferor was the only Member at the time of the Transfer, the Transfer of any Units shall entitle the transferee to become and to exercise all rights of a Member with respect to such Units. A

transferee who has become a Member, to the extent Transferred, has the rights and powers, and is subject to the restrictions and liabilities, of a Member under this Agreement and the Act, including, but not limited to, any obligations under the Act to return unlawful distributions. Whether or not a transferee of any Units becomes a Member hereunder, the transferor is not released from liability to the Company under this Agreement or the Act. A transferee who does not become a Member is not entitled to participate in the management or conduct of the Company's business, require access to information concerning the Company's transactions or inspect or copy any of the Company's records. A transferee who does not become a Member is entitled to: (A) receive, in accordance with the Transfer, distributions to which the transferor would otherwise be entitled; (B) receive, upon dissolution and winding up of the Company's business: (1) in accordance with the Transfer, the net amount otherwise distributable to the transferor; (2) a statement of account only from the date of the latest statement of account agreed to by all the Members; and (C) seek under Section 12.a.(vi) a judicial determination that it is equitable to dissolve and wind up the Company's business. The Company need not give effect to a Transfer until it has notice of the Transfer.

f. Purchase Price. Any purchase or redemption of Units pursuant to this Section 10 shall be carried out at the Units' fair market value on the date of the transaction, determined by independent appraisal that meets the requirements of Code section 401(a)(28)(C) and the Regulations thereunder as of a date that is no more than twelve (12) months before the relevant transaction to which the valuation is applied with due consideration being given to the terms of a bona fide, arm's length third-party offer in the case of a voluntary transfer permitted under Section 10.b.(iii)A. above.

g. Manner of Payment.

(i) Redemption. In the event that the Company redeems a Member's Units, the purchase price shall be paid in an initial installment equal to the insurance proceeds received by the Company, if any, on the life or disability of the transferring Member, if applicable, to the extent that such proceeds do not exceed the purchase price of the Units and the balance, if any, shall be paid in such manner as is mutually agreed by the affected parties after due consideration of all relevant facts and circumstances such as the likely impact on the Company's cash flow, the relative availability or unavailability of funds from banks or financial institutions, current market conditions and the financial condition of the affected Member.

(ii) Purchase. In the event that the Remaining Members purchase the Units of an Offering Member, the purchase price shall be paid upon the same terms expressed in Section 10.g.(i), and the parties acknowledge and agree that any insurance proceeds or cash value from any insurance policies maintained by the Company on the life of any Member shall be available to the purchasing Remaining Members for use in purchasing the Units.

(iii) Closing. The closing for any Transfer contemplated by this Section 10 shall take place at the office of the Company, or such other location as the parties may agree upon, at a date as agreed upon by the Company and the Member (or his or its personal representative); provided, however, that the closing shall not take place later than six (6) months following the date on which the Triggering Event occurred.

11. DISSOLUTION AND TERMINATION.

a. Events of Dissolution. The Company shall be dissolved upon the occurrence of any of the following events: (i) entry of a decree of judicial dissolution; (ii) upon the occurrence of any event resulting in there being no Members of the Company; or (iii) upon the unanimous written consent of all of the Members.

b. Liquidation. The dissolution of the Company shall be effective on the date on which the event occurs giving rise to such dissolution, but the Company shall not be wound up until the Articles of Organization shall have been canceled and the assets of the Company shall have been distributed as provided in Section 11.d. Notwithstanding the dissolution of the Company, prior to the winding-up of the Company, the business of the Company and the rights of the Members shall continue to be governed by this Agreement. Upon dissolution of the Company and the Manager, or (in the absence of the Manager) a liquidator appointed with the consent of the Members, shall liquidate the assets of the Company, apply and distribute the proceeds thereof as contemplated by this Agreement, and cause the cancellation of the Articles of Organization.

c. Distributions in Liquidation. Upon the dissolution of the Company and incident to the winding-up of the Company's business and affairs, the Manager (or liquidator, as applicable) shall distribute the assets of the Company as follows: (i) to secured creditors of the Company to the extent of their security, including all Members who are secured creditors for reasons other than unpaid declared distributions; (ii) to general unsecured creditors of the Company, including all Members who are creditors for reasons other than unpaid declared distributions to the extent permitted by law; (iii) to any Member who is a creditor as a result of an unpaid declared distribution, provided that if such distribution was declared within one (1) year of the event causing dissolution, then the Member shall be at parity with other general unsecured creditors; and (iv) to Members, first for the return of their contributions and second with respect to their interests in the Company in proportion to which the Members share in the Profits of the Company.

12. AMENDMENTS.

a. Amendments. Amendments to this Agreement may be proposed by any of the Members by submitting to all other Members a written, verbatim statement of any proposed amendment. A proposed amendment shall be adopted and be effective as an amendment hereto if it receives the consent and approval of the holders of a majority of the Units.

b. Restrictions on Amendments. Notwithstanding the terms set forth in Section 12.a., this Agreement shall not be amended without the consent of each of the Members adversely affected if such amendment would (i) modify the limited liability of a Member, (ii) alter the interest of a Member in the profits, losses or distributions of the Company or (iii) modify or amend this Section 12.

13. MISCELLANEOUS.

a. Notices.

(i) To the Members. Any notice to be given hereunder at any time to any Member, or any documents, reports or returns required by this Agreement to be delivered to any Member, may be delivered personally or mailed to such Member, postage prepaid, addressed to it at such address as set forth on ***Exhibit C*** hereto. Any notice, or any document, report or return so delivered or mailed shall be deemed to have been given or delivered to such Member at the time it is delivered or mailed, as the case may be.

(ii) To the Company. Any notice to be given to the Company hereunder may either be delivered personally or mailed by registered or certified mail, postage prepaid, addressed to the Company at the address set forth on ***Exhibit C*** hereto. Any notice so delivered or mailed shall be deemed to have been given to the Company at the time it is delivered or mailed, as the case may be.

b. Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement and each and every provision hereof shall be binding upon and shall inure to the benefit of each of the Members, their respective successors, administrators, heirs and assigns, and each and every successor in interest to any Member, whether such successor acquires such an interest by way of gift, devise, purchase, foreclosure or by any other method, shall hold such interest subject to all the terms and provisions of this Agreement and shall consent in writing to the binding effect of this Agreement.

c. Gender or Number. As used herein, unless the context clearly indicates to the contrary, a singular pronoun shall include the plural, the plural the singular, and the use of any pronoun of any gender shall be applicable to all genders.

d. Dispute Resolution.

(i) Mandatory arbitration of certain disputed matters. Any dispute among the members or between any member and the manager relating to Arbitral Matters (as defined below) shall be exclusively and finally resolved by arbitration by a single arbitrator (the "Arbitrator").

(ii) Definition of Arbitral Matter. Arbitral Matters shall include only the following types of matters:

a. Now to construe and enforce the provisions of this Section 13.d. (including any issue concerning the scope of these provisions);

b. Whether the expulsion of a member is fair;

c. Whether a vote by majority members concerning the Company's dissolution is fair to minority members;

d. Whether the purchase price or the other terms of purchase of a member's Units pursuant to the terms of this Agreement is fair to the Company and to the members;

e. Any claim by a member in the member's capacity as a member against any other member in that other member's capacity as a member;

f. Whether any action by the Company or by the members is (I) contrary to this Agreement, or (II) seriously unfair to any member; and

g. Any other matter that, in the Arbitrator's view, is appropriate for decision under this Section 13.d.

(iii) Exclusions from definition. Arbitral Matters shall not include:

a. Routine business matters of the Company; and

b. Matters requiring urgent judicial relief.

(iv) Rules governing arbitration. Except as otherwise provided in this Paragraph 13(d.), any arbitration (an "Arbitration") hereunder shall be governed by the Rules of Commercial Arbitration of the American Arbitration Association ("AAA").

(v) Notice of arbitration. Any member may initiate an Arbitration of any Arbitral Matter. The initiating member shall do so by providing written notice of the Arbitration to the other members. The notice shall bear a current date, shall state the name of the initiating member and shall fully state the matter to be arbitrated.

(vi) Selection of arbitrator. If, within 10 business days after all the members entitled to notice of an Arbitration have received that notice, the members have not agreed among themselves as to the identity of the Arbitrator and the site of the Arbitration, the Company shall immediately refer these matters for resolution by AAA.

(vii) No appeal, etc. No member shall appeal any order of an Arbitrator under this Article 13.d. to any court. The Company or any member may enter any such order in any court of competent jurisdiction.

(viii) Allocations of costs, fees, etc. The Arbitrator may allocate among the members the costs, fees and other expenses relating to an Arbitration in any manner that the Arbitrator shall determine to be appropriate in his absolute discretion; provided, that if the Arbitrator determines that a member has initiated an Arbitration without a reasonable basis for doing so, the Arbitrator shall assess against that member all costs of the Company and the other members relating to the Arbitration, including, without limitation, the reasonable attorneys' fees of the Company and the other members.

(ix) Awarding of litigation costs to prevailing party. If, in a suit in law or equity, any member or members seek judicial review of any issue arising in an arbitration under this Article 13.d., an Arbitrator may allocate to the losing parties in that suit all costs reasonably incurred by the prevailing parties. This Agreement and the rights of the parties hereunder shall be governed by the laws of the State of West Virginia.

e. Counterparts. This Agreement may be executed in any number of separate counterparts, all of which taken together shall be deemed one original instrument notwithstanding that all parties are not signatory to the same counterpart.

f. Headings. The headings used in this Agreement are used solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect.

g. Entire Agreement. This Agreement contains the entire agreement among the Members with respect to the subject matter hereof.

h. Severability. In the event any part of this Agreement is found to be void, the remaining provisions hereof shall nevertheless be binding with the same effect as though the void parts were deleted.

[Signature page follows this page.]

IN WITNESS WHEREOF, this Agreement has been executed by each of the parties set forth below as of the day and year first above written.

MANAGER:

PILLAR ENERGY, LLC

By: Jeffrey B. Isner
Chief Executive Officer

MEMBERS:

JEFFREY B. ISNER

EZRA R. SCHOOLCRAFT

PATRICK C. GRANEY, III

W. MARSTON BECKER

C. LYNCH CHRISTIAN, III

COMPANY:

PILLAR FUND 1 LLC

By:
Pillar Energy, Manager
Jeffrey B. Isner,
Chief Executive Officer

Exhibit A

Schedule of Members, Contributions and Units

Member	Number of Units	Capital Account
Jeffrey B. Isner	48	$48,000.00
Ezra R. Schoolcraft	48	$48,000.00
Patrick C. Graney, III	43	$43,000.00
W. Marston Becker	43	$43,000.00
C. Lynch Christian, III	43	$43,000.00
Total	**225**	$225,000.00

Exhibit B

Joinder Agreement

The undersigned is executing and delivering this Joinder Agreement pursuant to the Operating Agreement for PILLAR FUND 1 LLC, dated as of February ____, 2017, as may be amended from time to time (the "Operating Agreement"), by and among the Members, the Manager and the Company. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Operating Agreement.

The undersigned agrees that he, she or it shall be a holder of that number of Units as set forth on Exhibit A to the Operating Agreement. [Furthermore, the undersigned agrees that he, she or it shall be a Member.] By executing and delivering this Joinder Agreement to the Company, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the terms and provisions of the Operating Agreement, as a holder of ____ Units [and as a Member] with all the rights and obligations attendant thereto.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of the ___ day of _____, 20____.

Name:_____

Address for Notices:

_____

_____

_____

_____

With copies to:

_____

_____

_____

_____

Signature:_____

Date:_____

Exhibit C

Addresses for Notice

To the Company:

Pillar Fund 1 LLC
412 Tennessee Avenue
Charleston, West Virginia 25302

To Manager:

Pillar Energy LLC
412 Tennessee Avenue
Charleston, West Virginia 25302

To Isner:

Jeffrey B. Isner
412 Tennessee Avenue
Charleston, West Virginia 25302

To Schoolcraft:

Ezra R. Schoolcraft
412 Tennessee Avenue
Charleston, West Virginia 25302

To Graney:

Patrick C. Graney, III
412 Tennessee Avenue
Charleston, West Virginia 25302

To Becker:

W. Marston Becker
232 Locha Drive
Jupiter, Florida 33458

To Christian

C. Lynch Christian, III
Post Office Box 638
Lynchburg, Virginia 24505

FILED
2022 DEC 14 AM 11:16
CATHY S. GATSON, CLERK
KANAWHA COUNTY CIRCUIT COURT

OPERATING AGREEMENT
OF
PILLAR FUND 2 LLC

THIS OPERATING AGREEMENT (this "Agreement") is made effective as of December 20, 2017, by and among **PILLAR FUND 2 LLC,** a West Virginia limited liability company (the "Company"), **JEFFREY B. ISNER**, a resident of West Virginia ("Isner"), ~~**EZRA R. SCHOOLCRAFT**~~, a resident of West Virginia ("Schoolcraft"), **PATRICK C. GRANEY, III**, a resident of West Virginia ("P. Graney"), **MIKE GRANEY**, a resident of West Virginia ("M. Graney"), **STEVE WEHRLE,** a resident of Florida ("Wehrle"), **W. MARSTON BECKER**, a resident of Florida ("Becker"), **HANSARLYN PARTNERS, LP**, a Virginia limited partnership ("Hansarlyn") (collectively, the "Members," and each individually a "Member"), and **PILLAR ENERGY, LLC,** a West Virginia limited liability company, as Manager.

HADIC, LLC

W I T N E S S E T H:

WHEREAS, the Members desire to organize the Company and to enter into this Agreement to regulate and establish the affairs and business of the Company;

NOW, THEREFORE, for One Dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the mutual promises contained herein, the parties hereto agree as follows:

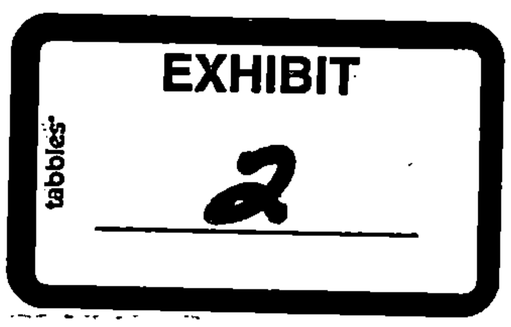
1. DEFINITIONS. The following terms have the meanings ascribed to them below:

a. "Affiliate" means with respect to any Person: (A) any entity or individual that directly or indirectly Controls or holds the power to vote 10% or more of the outstanding voting securities of the Person in question; (B) any Person, 10% or more of whose voting securities are directly or indirectly owned by, Controlled by or held with power to vote by such other Person; (C) any Person directly or indirectly Controlling, Controlled by, or under common control with such other Person; (D) any officer, director or partner of such other Person; (E) if such other Person is an officer, director or partner, any company for which such Person acts in such capacity.

b. "Capital Account" means, with respect to any Member, the Capital Account which shall be maintained for such Member throughout the term of the Company in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited the fair market value of such Member's capital contribution and any additional capital contributions, such Member's distributive share of Profits, and the amount of any Company liabilities that are assumed by such Member;

(ii) To each Member's Capital Account there shall be debited the amount of cash and the fair market value (net of liabilities secured by such distributed property



that such Member is considered to assume or take subject to under § 752 of the Internal Revenue Code of 1986, as amended (the "Code)) of any Company property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses, allocations to such Member of expenditures of the Company described in § 705(a)(2)(B) of the Code, and the amount of any liabilities of such Member that are assumed by the Company or that are secured by any property contributed by such Member to the Company;

(iii) In the event that any Unit or Units in the Company are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Unit or Units;

(iv) In determining the amount of any liability for purposes of subsections (i) and (ii) hereof, there shall be taken into account Code § 752(c) and any other applicable provisions of the Code as well as the United States Department of Treasury Regulations promulgated thereunder (the "Regulations");

(v) The foregoing provisions and the other provisions of this Agreement relating to the establishment and maintenance of Capital Accounts are intended to comply with Regulations § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations, and in any event the determination and maintenance of the Capital Accounts for the full term of the Company shall be in accordance with the rules of Regulations § 1.704-1(b)(2)(iv). If the Company shall determine that it is necessary to modify the manner in which the capital accounts, or debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company) are computed in order to comply with such Regulations, then the Company shall make such modification.

c. "Confidential Information" means all information concerning or related to the business, operations, financial condition or prospects of the Company or any of its Affiliates, regardless of the form in which such information appears and whether or not such information has been reduced to a tangible form, and specifically includes (A) all information regarding the officers, Managers, directors, employees, equity holders, customers, suppliers, distributors, sales representatives and licensees of the Company and its Affiliates, in each case whether past, present or prospective, (B) all inventions, discoveries, trade secrets, processes, techniques, methods, formulae, ideas and know-how of the Company and its Affiliates and (C) all financial statements, audit reports, budgets and business plans or forecasts of the Company and its Affiliates; provided, however; that Confidential Information does not include (X) information which is or becomes generally known to the public through no act or omission of the Members in violation of the terms of this Agreement and (Y) information that has been or hereafter is lawfully obtained by a Member from a source other than the Company or any of its Affiliates (or their respective officers, managers, directors, employees, equity holders or agents) so long as, in the case of information obtained from a third party, such third party was or is not, directly or indirectly, subject to an obligation of confidentiality owed to the Company or any of its Affiliates at the time such Confidential Information was or is disclosed to such Member or Manager.

d. "Control", "Controlled" and "Controlling" mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

e. "Debtor in bankruptcy" means a Person who is the subject of an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application or a comparable order under federal, state or foreign law governing insolvency.

f. "Distribution" means a transfer of money, property or other benefit from the Company to a Member in the Member's capacity as a Member or to a transferee of the Member's distributional interest.

g. "Distributional interest" means all of a Member's interest in distributions by the Company.

h. "Manager" means the Person designated as the Company's manager pursuant to Section 8.a.

i. "Net Receipts" for a particular taxable year of the Company shall be the taxable income of the Company for federal income tax purposes, adjusted as follows:

(i) The following items shall be added to taxable income: (A) depreciation and other non-cash charges deducted in determining taxable income; and (B) any other income or receipt (excluding a capital contribution and loans to the Company from any Member) that is not included in said taxable income; and

(ii) The following items shall be subtracted from taxable income: (A) Profits or Losses arising from the sale or other disposition of all or substantially all of the assets of the Company; (B) principal payments on all indebtedness; (C) amounts set aside as a reasonable reserve for working capital needs, improvements, replacements or other contingencies; (D) amounts paid for capital expenditures or replacements (other than those withdrawn from the reserve in (C) above); and (E) any other cash expenditures that have not been deducted in determining said taxable income.

j. "Person" means any individual, general partnership, limited partnership, corporation, trust, limited liability company or other association or entity.

k. "Profits" and "Losses" means, for each taxable year of the Company or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with § 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to § 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be added to such taxable income or loss; and

(ii) Any expenditures of the Company described in § 705(a)(2)(B) of the Code or treated as § 705(a)(2)(B) of the Code expenditures pursuant to Regulations § 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this Section, shall be subtracted from such taxable income or loss.

l. "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

m. "Transfer" means, with respect to any Unit or other interest in the Company, a sale, conveyance, assignment, pledge, encumbrance, gift, bequest, hypothecation or other transfer or disposition by any other means, whether for value or no value and whether voluntary or involuntary (including, without limitation, by operation of law), or any agreement to do any of the foregoing.

2. FORMATION OF LIMITED LIABILITY COMPANY. On December 20, 2017, the Members, being all of the members of the Company, formed a limited liability company under the name "PILLAR FUND 2 LLC" pursuant to the provisions of the West Virginia Limited Liability Company Act, West Virginia Code §31B-1-101 *et seq.* (the "Act").

3. GENERAL PROVISIONS.

a. Principal Office. The principal office of the Company in West Virginia shall be located at 412 Tennessee Avenue, Charleston, Kanawha County, West Virginia, 25302 or such other place in West Virginia as the Members may from time to time determine.

b. Articles of Organization. The Articles of Organization were filed in the Office of the Secretary of State of the State of West Virginia (the "State Office") on December 20, 2017 (as amended from time to time in accordance with the terms of the Act and this Agreement, the "Articles of Organization"). The Members shall cause amendments, if any, to be made to the Articles of Organization and properly filed and recorded whenever required by the Act.

c. Term. The Company commenced on December 20, 2017 and shall continue until terminated pursuant to the Articles of Organization, this Agreement, or the laws of the State of West Virginia.

d. Operating Agreement. The Members hereby enter into this Agreement to regulate and establish the affairs and business of the Company, the conduct of its business and the relations of the Members to one another and the Company.

e. Nature of Business and Powers. The Company may engage in any lawful business. The Company has the same powers as an individual to do all things necessary or convenient to carry on its business or affairs.

f. Legal Entity. The Company is a legal entity distinct from the Members. Except as provided otherwise herein, a Member is not a co-owner of, and has no transferable

interest in, property of the Company. A distributional interest in the Company is personal property and, subject to the terms of this Agreement, may be Transferred in whole or in part.

g. Annual Report for Secretary of State. The Company shall timely deliver to the State Office for filing an annual report that sets forth the information required under the Act. Information in an annual report must be current as of the date the annual report is signed on behalf of the Company. Annual reports must be delivered to the State Office between the first day of January and the first day of April of the ensuing calendar years.

4. CAPITAL.

a. Form of and Liability for Contributions. A contribution of a Member may consist of tangible or intangible property or other benefit to the Company, including money, promissory notes, services performed or other agreements to contribute cash or property, or contracts for services to be performed.

b. Capital Contributions of Members. In exchange for their initial interests in the Company, each of the Members have contributed to the capital of the Company that value as set forth in the attached Schedule of Members, Contributions and Units. The fair market value of any property other than cash to be contributed as additional contributions shall be agreed to between the contributing Member and the Manager.

c. Additional Capital Contributions.

(i) Additional capital contributions shall be made by the Members from time to time whenever the Manager determines that such additional capital contributions are necessary to accomplish the purposes and objectives of the Company. Each Member shall have the right, but not the obligation, to participate in any additional capital contribution pro-rata in accordance with such Member's ownership percentage in the Company. All Members participating in such additional capital contribution shall receive Units in return for their contribution at the then-current subscription rate or, if no such rate exists, at a per-Unit rate based upon the fair market value of the Company at the time of the contributions, as reasonably determined by the Manager (upon advice from the Company's accountant). No Member shall be obligated to make any additional capital contribution to the Company unless agreed to by such Member. In addition, no Member shall be obligated to lend funds to the Company, unless agreed to by such Member.

(ii) If the Manager determines that an additional capital contribution is necessary to accomplish the purposes and objectives of the Company, they shall cause the Company to give each Member a written notice of the additional capital contribution, the aggregate amount of the additional capital contribution, the type of Units to be issued in connection therewith, the subscription rate and the general terms upon which the Company proposes to issue any Units related to the additional capital contribution (a "Contribution Notice"). Each Member shall have thirty (30) days from the date of receipt of any Contribution Notice to agree to make such Member's pro rata share of the additional capital contribution (including the exercise of rights contained in Section 4.c.(iv) in lieu of participating in such additional capital contribution) based upon its percentage ownership of the Company for the

price set forth in the Contribution Notice by giving written notice to the Company and stating the amount of the additional capital contribution to be made. If any Member fails to exercise its rights under this Section with respect to all or any portion of such Member's pro rata share of the additional capital contribution, then the Company shall have one hundred eighty (180) days thereafter to satisfy any uncommitted portion of the requested additional capital contribution, by issuing or entering into an agreement to issue any new Units related to an existing Member's or a third-party's capital contribution, on terms no more favorable than those offered to the Members in the Contribution Notice. If the Company has not satisfied the full amount of the requested additional capital contribution within such period, then the Company shall not thereafter issue or sell any additional Units without first offering such Units to the Members in the manner provided for herein. Each Member acknowledges that the failure to exercise its rights to make an additional capital contribution under this Section will result in the dilution of such Member's percentage interest in the Company.

(iii) If a subscription agreement with a Member provides for a call for additional funds under a capital commitment, then the Manager, on behalf of the Company, may require that Member to contribute any portion or all of its remaining capital commitment to the Company in accordance with the terms of such subscription agreement.

(iv) In lieu of acquiring Units as an additional capital contribution, any Member may loan the Company a sum of money equal to such Member's pro rata share of any additional capital contribution at a negotiated interest rate pursuant to the terms of a promissory note that is mutually acceptable to the Member and the Manager.

(v) The fair market value of any property other than cash to be contributed as additional contributions shall be agreed upon by the contributing Member and the Manager.

d. No Right to Withdraw Capital. No interest shall accrue on any contribution to the capital of the Company, and no Member shall have the right to withdraw capital from the Company or be repaid any contribution of capital except as otherwise specifically provided herein or in the Act. The Company shall reimburse a Member for an advance to the Company beyond the amount of any contribution the Member agreed to make under Section 4.b. This obligation of the Company to reimburse constitutes a loan to the Company upon which interest accrues from the date of the payment or advance, at a negotiated interest rate as of the date of the advance to the Company.

e. Capital Accounts. A separate Capital Account shall be established and maintained throughout the term of the Company for each Member.

f. Finders' Fees. The Company will utilize the capital contributions of members to purchase oil and natural gas assets, including, but not limited to, leases, producing wells, royalty interests, and any other such oil and natural gas-related assets as the Manager may elect. The Company shall convey Five Percent (5.00%) each of the working interest in all the oil and natural gas assets acquired by the Company to each of Members Isner and ~~Schoolcraft~~ as a finders' fee. When each member has received one hundred percent (100.00%) of his initial capital contribution in distributions from the Company, the Company shall convey an additional

HADIC, LLC

Five Percent (5.00%) each of the working interest in all the oil and natural gas assets then held by the Company to each of Members Isner and ~~Schoolcraft~~. When each member has received two hundred percent (200.00%) of his initial capital contribution in distributions from the Company, the Company shall convey an additional Two and One-Half Percent (2.50%) each of the working interest in all the oil and natural gas assets then held by the Company to each of Members Isner and ~~Schoolcraft~~. HADIC, LLC

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5. MEMBERS' INTERESTS.

a. The Company Units. The equity and distributional interests of the Members in the Company shall initially be divided into **[number]** (100) equal units (the "Units"). The Members and their respective Units shall be as set forth on the Schedule of Members, Contributions and Units, attached hereto as ***Exhibit A***. Pursuant to the provisions of Section 4.c. above, the respective Units of the Members shall be adjusted from time to time as necessary to properly reflect the relative relationship of each Member's positive Capital Account balance to the aggregate positive Capital Account balances of all of the Members, and the results of such adjustments shall be reflected upon an addendum to the attached Schedule of Members, Contributions and Units. The Company may issue certificates of interest to the holders of the Units in such form as the Members may consider appropriate.

b. Voting of Units. For all matters upon which a Member is entitled to vote under this Agreement or pursuant to the Act, each Member shall have one vote for each Unit held by the Member. Unless otherwise specifically provided herein, the affirmative vote, approval or consent of Members holding more than fifty percent (50%) of all Units shall be required to decide any matter on which the Members may vote. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by and at the request of the holders of not less than ten percent (10%) of all the outstanding Units of the Company entitled to vote at the meeting. The place of meeting shall be the principal office of the Company, unless otherwise designated or agreed to by the Members. Written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall, unless otherwise prescribed by statute, be delivered not less than five (5) nor more than fifty (50) days before the date of the meeting, either personally or by mail, to each Member of record entitled to vote at such meeting in accordance with Section 13.a. Whenever the vote of Members at a meeting thereof is required or permitted to be taken in connection with any Company action, the meeting and vote of such members may be dispensed with if all of the Members who would have been entitled to vote upon the action, if such meeting were held, shall agree in writing to such action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all Members entitled to vote at a meeting of such Members duly called and legally held. A Member may appoint a proxy to vote or otherwise act for the Member by signing an appointment document, either personally or by the Member's attorney-in-fact.

c. Member's Conduct. The only fiduciary duties a Member owes to the Company and its other Members are the duty of loyalty and the duty of care. A Member's duty of loyalty to the Company and its other Members is limited to the following: (i) to account to the Company and to hold as trustee for it any property, profit or benefit derived by the Member in the conduct or winding up of the Company's business or derived from a use by the Member of

the Company's property, including the appropriation of the Company's opportunity; (ii) to refrain from dealing with the Company in the conduct or winding up of the Company's business as or on behalf of a party having an interest adverse to the Company; and (iii) to refrain from competing with the Company in the conduct of the Company's business before the dissolution of the Company, as set forth more fully in Section 5.e. A Member's duty of care to the Company and its other members in the conduct of and winding up of the Company's business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law. A Member shall discharge the duties to the Company and its other Members under the Act or under this Agreement and exercise any rights consistently with the obligation of good faith and fair dealing. No Member violates a duty or obligation under the Act or under this Agreement merely because such Member's conduct furthers such Member's own interest. A Member of the Company may lend money to and transact other business with the Company. As to each loan or transaction, the rights and obligations of any Member are the same as those of a Person who is not a Member, subject to other applicable law. This paragraph applies to a Person winding up the Company's business as the personal or legal representative of the last surviving Member as if the Person were a Member.

d. Non-Disclosure; Non-Use. Each Member and Manager agrees that all Confidential Information (A) is and shall remain (as between such Member or Manager and the Company) the sole and exclusive property and proprietary information of the Company and (B) shall not be used or disclosed by such Member or Manager except (i) in furtherance of the Company's business, (ii) with the prior written consent of the Manager, or (iii) as required by applicable law.

e. Other Business of Members and Managers.

(i) Subject to Section 5.e.(ii), any Member or Manager may engage independently or with others in other business ventures of every nature and description, including, without limitation, the rendering of advice or services of any kind. Subject to Section 5.e.(ii), neither the Company nor any Member or Manager shall have any right by virtue of this Agreement or the Company relationship created hereby in or to such other ventures or activities or to the income or proceeds derived therefrom, and the pursuit of such ventures, even if competitive with the business of the Company, shall not be deemed wrongful or improper.

(ii) Notwithstanding anything to the contrary contained herein, the provisions of Section 5.e.(i) shall be superseded by and not affect the enforceability of any restrictions imposed upon any Member or Manager (or an Affiliate thereof) in an employment, consulting or other similar agreement with the Company

(iii) For the avoidance of doubt, any Member or Manager may engage in any other business that is not in competition, directly or indirectly, with the Company.

f. Consent of the Members. By the execution hereof, the Members expressly consent to the exercise by the Manager of the rights, powers and authority conferred on the Manager by this Agreement. Where this Agreement shall be in conflict with the Act, where permitted, this Agreement shall be deemed to control.

6. PROFITS AND LOSSES.

a. Allocations in General. The Profits and Losses of the Company shall be determined for each taxable year of the Company and shall be allocated ratably among the Members in accordance with their proportionate Units in the Company; provided, however, that if any Member has contributed property other than money to the Company, the allocations shall be governed by § 704(c) of the Code. If any Units shall have been Transferred or assigned during any taxable year, the allocation of the aforementioned items in respect to the interest represented thereby shall be prorated between the transferor and the transferee based upon the time the transferor and the transferee held such Units during the Company's taxable year, in accordance with § 706(d) of the Code.

b. Qualified Income Offset. If any Member unexpectedly receives an adjustment, allocation or distribution described in section (4), (5) or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) which causes or increases a negative balance in such Member's Capital Account, items of the Company's income and gain shall be allocated to such Member in an amount and manner sufficient to eliminate such deficit balance as quickly as possible. Allocations under this Section 6.b. shall be comprised of a pro rata portion of each item of the Company's income and gain, excluding items allocable under Section 6.c. For purposes of this Section 6.b., Capital Accounts shall be adjusted hypothetically to reflect amounts that the Member is required by this Agreement to restore or is deemed to have an obligation to restore as provided in Regulations Sections 1.704-1(b)(2)(ii)(b)(3), 1.704-1(b)(2)(ii)(c), 1.704-2(g) and 1.704-2(i)(5). It is the intention of the Members that this provision shall constitute a "qualified income offset" and will be administered within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d).

c. Minimum Gain Charge back. If during any fiscal year of the Company there is a net decrease in the Company's "minimum gain" (as determined under Regulations Section 1.704-2(d)(1) and 1.704-2(i)(5)), then each Member shall be specially allocated, prior to any other allocation for the year, items of income and gain for that fiscal year (and, if necessary, subsequent years) in the amount equal to the portion of such Member's share of the net decrease in the Company's minimum gain (determined pursuant to Regulations Section §1.704-2(g)). In the event there should be an allocation under this Section 6.c. to more than one Member, then the allocations shall be in accordance with the ratio of the Members' respective deficit balances. For purposes of this Section 6.c., Capital Accounts shall be adjusted hypothetically in the manner provided in Section 6.b. It is the intention of the Members that this provision shall comply with the "minimum gain charge back" requirement of the Regulations, and shall be administered in accordance with those Regulations.

7. DISTRIBUTIONS.

a. Periodic Distributions. The Net Receipts of the Company may be determined or estimated by the Manager for each taxable year of the Company, and the Manager may declare a distribution, and thereupon, to the extent not in contravention of any applicable law, distribute annually any or all of the Net Receipts ratably among the Members in accordance with their proportionate Units in the Company. Distribution of the Net Receipts, cash or other assets of the Company may be made to the Members prior to liquidation of the Company or

liquidation of all or part of a Member's Units. A Member shall not be entitled to receive distributions from the Company at any time before its withdrawal from the Company or before the dissolution and winding-up thereof, unless and until a distribution is declared by the Manager in accordance with the terms of this Agreement. Notwithstanding any of the foregoing, the Manager shall make monthly distributions of profits of the Company to the Company, and the Company shall make quarterly distributions of the profits of the Company to the Members.

b. Distributions in Kind. No Member, regardless of the nature of such Member's contribution, has the right to receive any distribution from the Company in any form other than cash. No Member may be required to accept a distribution of any asset in kind to the extent that the percentage of the asset distributed exceeds a percentage of that asset which is equal to the percentage in which the Member shares in distributions from the Company.

c. Tax Liability Distributions. Any provision contained herein notwithstanding, before the expiration of thirty (30) days after the Company files its federal income tax return, IRS Form 1065, for any taxable period, the Company may, in the Manager's discretion after giving due consideration to all relevant facts and circumstances including, without limitation, the likely impact on the Company's cash flow and the relative financial condition of the Members, declare and pay a cash distribution to each of the Members (each, a "Tax Liability Distribution") in an amount equal to (i) that portion of the Company's income attributed to such Member during such taxable period multiplied by (ii) the lesser of (A) 35% or (B) the sum of the maximum federal and state individual income tax rates applicable to any Member for such taxable period, and less (iii) the amount of any distributions declared and paid during such taxable period (other than any Tax Liability Distributions declared and paid during such taxable period that were declared and paid under the provisions of this paragraph with respect to a prior taxable period).

8. MANAGEMENT.

a. Management.

(i) Except as otherwise expressly provided in this Agreement or the Act, the Manager shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as they deem necessary or appropriate to accomplish the purposes and direct the affairs of the Company. In the event that the Company has more than one (1) Manager, the vote, approval or consent of a majority of the Managers shall be necessary and sufficient for the Managers to take any binding action on behalf of the Company. The Manager may delegate to one or more of their number in writing the authority to execute any documents or take any other actions in furtherance of any action that the Manager has authorized on behalf of the Company. A Manager shall be entitled to remuneration for services performed for the Company as provided in this Agreement. The Company shall reimburse a Manager for payments made by such Manager in the ordinary course of the business of the Company or for the preservation of its business or property.

(ii) Except to the extent expressly delegated by the Manager, no Member or Person shall be an agent for the Company or have any right, power or authority to

transact any business in the name of the Company or to act for or on behalf of or to bind the Company.

(iii) A Manager need not be an individual or a Member; provided, however, that if any Manager is not a Member, such Person must execute a copy of this Agreement agreeing to become bound by the provisions hereof prior to serving as a Manager.

(iv) As of the date hereof, the initial Manager shall be PILLAR ENERGY, LLC. The term of each Manager shall expire at the earlier to occur of such Manager's death, incapacity, resignation or removal.

(v) The removal of any Manager (with or without cause) shall only be made upon the affirmative vote of fifty-one percent (51%) of the Units held by all Members; upon removal a new successor or substitute Manager or Managers may be appointed by upon the affirmative vote of fifty-one percent (51%) of the Units held by all Members.

b. Meetings of the Managers.

(i) In the event that the Company has more than one (1) Manager, the Managers may (but shall not be required to) set any number of regular meetings by resolution, but no more than one regular meeting a quarter. No notice need be given for any annual or regular meeting of the Managers. Any Manager may call at any time a special meeting of the Managers on seventy-two (72) hours written notice to each other Manager, which notice shall specify the time and place of the meeting. A Manager may waive notice of any such meeting by an instrument in writing executed before or after the meeting or by attending such meeting. Managers may attend and participate in meetings either in person or by means of conference telephones or similar communications equipment by means of which all Persons participating in the meeting can hear and speak to each other, and participation in a meeting by means of such communication equipment shall constitute presence in person at any meeting. A majority of the number of Managers fixed by this Agreement, including any amendments hereof, shall constitute a quorum for the transaction of business of any meeting of the Managers.

(ii) Any action to be taken at a meeting of the Managers, or any action that may be taken at a meeting of the Managers, may be taken without a meeting if a majority of the Managers sign a consent in writing setting forth the action so taken. A written consent pursuant to this Section may be validly and effectively delivered by any Manager by facsimile or other electronic transmission. Except as may otherwise be expressly provided in this Agreement, the affirmative vote of a majority of the Managers present at a meeting at which there is a quorum shall be the act of the Managers. As used in this Agreement, the phrase "the approval of the Managers," "the consent of the Managers," "as determined by the Managers" "as authorized by the Managers" and similar phrases means an approval in accordance with this Section, except as expressly provided otherwise in this Agreement.

c. Restrictions on the Authority of the Manager. Notwithstanding anything to the contrary contained herein, without the written consent of the Members owning at least fifty-one percent (51%) of the Units held by all Members, the Manager shall not have the authority to:

(i) sell, lease, transfer, assign or otherwise dispose of all or substantially all of the assets of the Company or any subsidiary thereof; or

(ii) merge or convert the Company (or any subsidiary thereof) into or with any other entity.

d. Business Transactions with Members. Any Member may lend money to and transact other business with the Company and has the same rights and obligations with respect thereto as a Person who is not a Member.

e. Manager's Liability.

(i) The Manager is liable for any loss or injury caused to a Person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a Manager acting in the ordinary course of business of the Company or with authority of the Company. No Manager shall be liable to the Company or its Members for monetary damages for breach of fiduciary duty as a Manager except for liability for acts or omissions not in good faith or which involve fraud, gross negligence, willful misconduct or a knowing violation of law. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, are solely the debts, obligations and liabilities of the Company. No Member or Manager is personally liable for a debt, obligation or liability of the Company solely by reason of being or acting as a Member or Manager. The failure of the Company to observe the usual company formalities or requirements relating to the exercise of its company powers or management of its business is not a ground for imposing personal liability on a Manager or Member for liabilities of the Company. Any repeal or modification of this Section 8.e. shall not adversely affect any right or protection of a Manager existing, or any right or protection based on a state of facts existing, prior to such repeal or modification.

(ii) Each Manager shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to the matters such Manager reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses or net cash flow or any other facts pertinent to the existence and amount of assets from which distributions to the Members might properly be paid.

f. Time Devoted by Manager. The Manager shall devote to the Company such time as he deems necessary for the proper performance of his duties hereunder, but the Manager shall not be expected to devote his full time to such duties.

g. Maintenance of Company Status. The Manager shall at all times use his best efforts to cause the Company to comply with such conditions as may be required from time to time to permit the Company to be classified, for federal income tax purposes, as a partnership and not as an association taxable as a corporation. The Manager shall take all action that shall be necessary or appropriate for the continuation of the Company's valid existence as a limited liability company under the laws of the State of West Virginia.

h. Management Fees. In addition to all other authorized forms of compensation and reimbursement for reasonable expenses incurred in connection with management of the Company, the Manager shall be entitled to charge the Company a management fee of Three Hundred Dollars ($300.00) per month for each well managed by the Manager on behalf of the Company.

i. Scope of Management Activities. In addition to all other duties of the Manager provided in this Agreement, the Manager shall perform the following services and functions for the Company:

(i) Maintain all required bond and insurance coverage for all wells of Company, either by securing necessary bonds or policies of insurance or adding Company's wells to Manager's bonds and insurance policies; and

(ii) Complete and submit all reports and other documentation required by local, state, or federal entities or regulatory agencies for each well owned by Company.

9. BOOKS, RECORDS, AUDITS AND RECORDS.

a. Books and Records. The Manager shall keep, or cause to be kept, the records of the Company at the principal office of the Company, and each Member, its agents and attorneys, shall have access to the records. The Company shall provide former members and their agents and attorneys access for proper purposes to records pertaining to the period during which they were Members. The right of access provides the opportunity to inspect and copy records during ordinary business hours. The Company may impose a reasonable charge, limited to the costs of labor and material, for copies of records furnished. The Company shall furnish to a Member and to the legal representative of a deceased Member or Member under legal disability: (i) without demand, information concerning the Company's business or affairs reasonably required for the proper exercise of the Member's rights and performance of the Member's duties under this Agreement or the Act; and (ii) on demand, other information concerning the Company's business or affairs, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances. A Member has the right upon written demand given to the Company to obtain at the Company's expense a copy of the Agreement.

b. Accounting Period. Annual Financial Statements. The accounting period of the Company shall be the calendar year herein referred to as the Company's "taxable year". The Company shall provide each Member with a financial statement of the Company within sixty (60) days after the end of each taxable year of the Company.

c. Reports. The Manager shall prepare or cause to be prepared at the Company's expense:

(i) the financial statements contemplated in Section 9.b.;

(ii) income tax returns for the Company, which it shall timely file with appropriate authorities; and

(ii) a notice of each Member's share of the Profits and Losses for federal income tax purposes for each year and any other information necessary for preparation by each Member of any federal income tax return, which shall be delivered to such Member within sixty (60) days after the end of each taxable year.

d. Federal Income Tax Information. The Manager may elect, in his sole discretion, to adjust the basis of the property of the Company under Section 754 of the Code. The Manager, or one of the Managers in the case of multiple Managers, shall serve as the "Tax Matters Person" to act on behalf of the Company, who will serve as principal representative of the Company in partnership-level administration and judicial proceedings with the Internal Revenue Service. In addition to the duty of the Tax Matters Person to keep each Member informed of all administrative and judicial tax proceedings, the following provisions shall apply with respect to the activities of the Tax Matters Partner:

(i) The Tax Matters Person shall not consent to an extension of any statute of limitations without the consent of the other Managers, if any.

(ii) The Tax Matters Person shall not bring suit in any forum other than the United States Tax Court without the consent of the other Managers, if any.

(iii) Following the receipt by the Tax Matters Person of any notice that the Internal Revenue Service intends to audit any tax return of the Company, the Tax Matters Person shall promptly copy the other Managers, if any, on all further written communication to and from the Internal Revenue Service concerning any such proceeding.

(iv) The Tax Matters Person shall take all procedural steps reasonably requested in writing by the other Managers, if any, including without limitation, requesting extensions of time in which to protest any notice of proposed deficiency and the time, date and place of any meetings or hearings concerning the tax matters in issue.

e. Bank Accounts and Investment of Funds. The Manager shall open and maintain, on behalf of the Company, a bank account or accounts at such time and in such depositories as it shall determine, in which all monies received by or on behalf of the Company shall be deposited. All withdrawals from such accounts shall be made upon the signature of such Person or Persons as the Manager may from time to time designate. Any funds of the Company that the Manager may determine are not currently required for the conduct of the Company's business may be invested at the sole discretion of the Manager.

10. TRANSFER OF UNITS IN COMPANY.

a. General Restriction on Transfer. No Member shall Transfer any one or more Units held by such Member, and no transferee thereof shall be admitted as a substitute member, except as is otherwise expressly permitted under the provisions of this Section 10. The Members acknowledge that the Units have not been registered under either the Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state.

b. Permitted or Required Transfers.

(i) Certain Definitions. The following terms have the meanings ascribed to them below:

A. "Bankruptcy" means any proceeding related to bankruptcy or insolvency or the initiation of proceedings in any state or federal court as an arrangement for a Person's creditors in bankruptcy, reorganization or insolvency.

B. "Disability" means, in the sole discretion of and judgment of the Company, as determined by the Manager, when a Member is unable to perform his duties to the satisfaction of the Company due to a physical or mental incapacity. The Company may, but is not required to, rely on the advice of a physician in making a determination of "Disability".

C. "Divorce" means the divorce or separation of a Member from such Member's spouse where a division of property is required.

D. "Breach of Moral Turpitude" means that a Member has been convicted of, or plead guilty to, a felonious criminal charge or has otherwise engaged in fraudulent or illegal actions which are reasonably likely to have a material adverse effect on the Company's business or its internal affairs or operations.

(ii) Required Transfers. Upon the occurrence of any of the following events, the Company shall redeem the Units held by the Member in accordance with the terms of Sections 10.f and 10.g:

A. The death of a Member; or

B. The Disability of a Member.

(iii) Permitted Transfers. Upon the occurrence of any of the following events, the affected Member (an "Offering Member") shall immediately notify the Company and the remaining Members (the "Remaining Members") of the event and by written notice (a "Trigger Notice") to the Company and the Remaining Members, shall offer to sell all of the Units held by such Offering Member to the Remaining Members, and any of the Remaining Members, in their sole and absolute discretion, may purchase and/or redeem, as applicable, the Units so offered in accordance with the terms of this Section 10 (each, a "Triggering Event"):

A. A Member desires to Transfer for any amount of consideration all or any portion of the Units held by such Member;

B. A Bankruptcy of a Member; or

C. A Divorce of a Member, where such divorcing Member was required by a court of competent jurisdiction to Transfer direct or indirect ownership or control of part or all of the Units held or controlled by such divorcing Member; provided that the divorcing Member shall take any and all

steps necessary to retain sole, unencumbered ownership of all of the Units in the Company held or controlled by such Member; or

D. A Member commits or engages in a Breach of Moral Turpitude.

(iv) Offer and Acceptance of Permitted Transfers. Any Offering Member who undergoes a Triggering Event shall provide a Trigger Notice to the Remaining Members and the Company within forty-five (45) days of the occurrence of the Triggering Event. Each of the Remaining Members shall have forty-five (45) days after receipt of the Trigger Notice (the "Response Period") to notify the Offering Member in writing such party's decision with respect to the offer contained in the Trigger Notice. If the parties elect to consummate the transaction contemplated in the Trigger Notice, (A) the price for the Units to be Transferred shall be determined in accordance with Section 10.f. and (B) the manner of payment shall be as set forth in Section 10.g.

c. Additional Terms.

(i) Offer Period. If the offer to the Remaining Members is not timely accepted, then, for a period of twelve (12) months thereafter, the Offering Member may Transfer the subject Units to any interested transferee. The Offering Member shall have the right not to sell such Units to the Remaining Members unless all of the Units contained in the offer are to be Transferred. If such Units have not been Transferred by the Offering Member during the twelve-month period, the Offering Member must make new offers to the then-Remaining Members in accordance with the terms of this Agreement.

(ii) Deemed Offer. Any failure of an Offering Member to make the required offer in a timely manner shall not have an adverse effect upon the ability of the Remaining Members and/or the Company to purchase the Units of the Offering Member. Upon any such failure, the Company shall make such offer on behalf of the Offering Member and the Remaining Member(s) and/or the Company may accept such offer to the same effect as if the Offering Member had made such offer.

d. Pro Rata Purchase of Units. If more than one of the Remaining Members elects to purchase all or part of the Units under Section 10.b.(iv) and the aggregate number of such Units that all such Remaining Members elect to purchase exceeds the number of Units offered, then each such Remaining Member shall have the right to purchase a number of the Units so offered calculated by multiplying the number of Units so offered times a fraction, the numerator being the number of Units owned by such electing Remaining Member, and the denominator being the total number of Units owned by all electing Remaining Members. If each of the Remaining Members elect to purchase its pro-rata share of the Units, then upon the unanimous written consent of the Remaining Members, the election to purchase of Units by the Remaining Members pursuant to this Section 10 may be assigned to the Company in which case the Company will redeem the Units upon the same terms and conditions.

e. New Members; Transferees.

(i) Notwithstanding any other provision in this Agreement, prior to any Transfer or issuance of Units to a Person who is not a Member on the date that this Agreement is signed and is not fully bound by this Agreement, such Person shall agree in writing to be fully bound by the terms of this Agreement by executing a Joinder Agreement, the form of which is attached hereto as ***Exhibit B***. The Members hereby appoint the Company as their agent and attorney to execute such agreement on their behalf and expressly agree to bind themselves to the agreement by the Company's execution of that agreement without further action on their parts.

(ii) Notwithstanding the foregoing, a Transfer of any Units shall not entitle the transferee to become or to exercise any rights of a Member with respect to such Units. A Transfer entitles the transferee to receive, to the extent Transferred, only the distributions to which the transferor would be entitled. A transferee of any Units may become a member of the Company if and to the extent that all other Members consent, provided, however, that if the transferor was the only Member at the time of the Transfer, the Transfer of any Units shall entitle the transferee to become and to exercise all rights of a Member with respect to such Units. A transferee who has become a Member, to the extent Transferred, has the rights and powers, and is subject to the restrictions and liabilities, of a Member under this Agreement and the Act, including, but not limited to, any obligations under the Act to return unlawful distributions. Whether or not a transferee of any Units becomes a Member hereunder, the transferor is not released from liability to the Company under this Agreement or the Act. A transferee who does not become a Member is not entitled to participate in the management or conduct of the Company's business, require access to information concerning the Company's transactions or inspect or copy any of the Company's records. A transferee who does not become a Member is entitled to: (A) receive, in accordance with the Transfer, distributions to which the transferor would otherwise be entitled; (B) receive, upon dissolution and winding up of the Company's business: (1) in accordance with the Transfer, the net amount otherwise distributable to the transferor; (2) a statement of account only from the date of the latest statement of account agreed to by all the Members; and (C) seek under Section 12.a.(vi) a judicial determination that it is equitable to dissolve and wind up the Company's business. The Company need not give effect to a Transfer until it has notice of the Transfer.

f. Purchase Price. Any purchase or redemption of Units pursuant to this Section 10 shall be carried out at the Units' fair market value on the date of the transaction, determined by independent appraisal that meets the requirements of Code section 401(a)(28)(C) and the Regulations thereunder as of a date that is no more than twelve (12) months before the relevant transaction to which the valuation is applied with due consideration being given to the terms of a bona fide, arm's length third-party offer in the case of a voluntary transfer permitted under Section 10.b.(iii)A. above.

g. Manner of Payment.

(i) Redemption. In the event that the Company redeems a Member's Units, the purchase price shall be paid in an initial installment equal to the insurance proceeds received by the Company, if any, on the life or disability of the transferring Member, if applicable, to the extent that such proceeds do not exceed the purchase price of the Units and the balance, if any, shall be paid in such manner as is mutually agreed by the affected parties after

due consideration of all relevant facts and circumstances such as the likely impact on the Company's cash flow, the relative availability or unavailability of funds from banks or financial institutions, current market conditions and the financial condition of the affected Member.

(ii) Purchase. In the event that the Remaining Members purchase the Units of an Offering Member, the purchase price shall be paid upon the same terms expressed in Section 10.g.(i), and the parties acknowledge and agree that any insurance proceeds or cash value from any insurance policies maintained by the Company on the life of any Member shall be available to the purchasing Remaining Members for use in purchasing the Units.

(iii) Closing. The closing for any Transfer contemplated by this Section 10 shall take place at the office of the Company, or such other location as the parties may agree upon, at a date as agreed upon by the Company and the Member (or his or its personal representative); provided, however, that the closing shall not take place later than six (6) months following the date on which the Triggering Event occurred.

11. DISSOLUTION AND TERMINATION.

a. Events of Dissolution. The Company shall be dissolved upon the occurrence of any of the following events: (i) entry of a decree of judicial dissolution; (ii) upon the occurrence of any event resulting in there being no Members of the Company; or (iii) upon the unanimous written consent of all of the Members.

b. Liquidation. The dissolution of the Company shall be effective on the date on which the event occurs giving rise to such dissolution, but the Company shall not be wound up until the Articles of Organization shall have been canceled and the assets of the Company shall have been distributed as provided in Section 11.d. Notwithstanding the dissolution of the Company, prior to the winding-up of the Company, the business of the Company and the rights of the Members shall continue to be governed by this Agreement. Upon dissolution of the Company and the Manager, or (in the absence of the Manager) a liquidator appointed with the consent of the Members, shall liquidate the assets of the Company, apply and distribute the proceeds thereof as contemplated by this Agreement, and cause the cancellation of the Articles of Organization.

c. Distributions in Liquidation. Upon the dissolution of the Company and incident to the winding-up of the Company's business and affairs, the Manager (or liquidator, as applicable) shall distribute the assets of the Company as follows: (i) to secured creditors of the Company to the extent of their security, including all Members who are secured creditors for reasons other than unpaid declared distributions; (ii) to general unsecured creditors of the Company, including all Members who are creditors for reasons other than unpaid declared distributions to the extent permitted by law; (iii) to any Member who is a creditor as a result of an unpaid declared distribution, provided that if such distribution was declared within one (1) year of the event causing dissolution, then the Member shall be at parity with other general unsecured creditors; and (iv) to Members, first for the return of their contributions and second with respect to their interests in the Company in proportion to which the Members share in the Profits of the Company.

12. AMENDMENTS.

a. Amendments. Amendments to this Agreement may be proposed by any of the Members by submitting to all other Members a written, verbatim statement of any proposed amendment. A proposed amendment shall be adopted and be effective as an amendment hereto if it receives the consent and approval of the holders of a majority of the Units.

b. Restrictions on Amendments. Notwithstanding the terms set forth in Section 12.a., this Agreement shall not be amended without the consent of each of the Members adversely affected if such amendment would (i) modify the limited liability of a Member, (ii) alter the interest of a Member in the profits, losses or distributions of the Company or (iii) modify or amend this Section 12.

13. MISCELLANEOUS.

a. Notices.

(i) To the Members. Any notice to be given hereunder at any time to any Member, or any documents, reports or returns required by this Agreement to be delivered to any Member, may be delivered personally or mailed to such Member, postage prepaid, addressed to it at such address as set forth on ***Exhibit C*** hereto. Any notice, or any document, report or return so delivered or mailed shall be deemed to have been given or delivered to such Member at the time it is delivered or mailed, as the case may be.

(ii) To the Company. Any notice to be given to the Company hereunder may either be delivered personally or mailed by registered or certified mail, postage prepaid, addressed to the Company at the address set forth on ***Exhibit C*** hereto. Any notice so delivered or mailed shall be deemed to have been given to the Company at the time it is delivered or mailed, as the case may be.

b. Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement and each and every provision hereof shall be binding upon and shall inure to the benefit of each of the Members, their respective successors, administrators, heirs and assigns, and each and every successor in interest to any Member, whether such successor acquires such an interest by way of gift, devise, purchase, foreclosure or by any other method, shall hold such interest subject to all the terms and provisions of this Agreement and shall consent in writing to the binding effect of this Agreement.

c. Gender or Number. As used herein, unless the context clearly indicates to the contrary, a singular pronoun shall include the plural, the plural the singular, and the use of any pronoun of any gender shall be applicable to all genders.

d. Dispute Resolution.

(i) Mandatory arbitration of certain disputed matters. Any dispute among the members or between any member and the manager relating to Arbitral Matters (as

defined below) shall be exclusively and finally resolved by arbitration by a single arbitrator (the "Arbitrator").

(ii) Definition of Arbitral Matter. Arbitral Matters shall include only the following types of matters:

a. Now to construe and enforce the provisions of this Section 13.d. (including any issue concerning the scope of these provisions);

b. Whether the expulsion of a member is fair;

c. Whether a vote by majority members concerning the Company's dissolution is fair to minority members;

d. Whether the purchase price or the other terms of purchase of a member's Units pursuant to the terms of this Agreement is fair to the Company and to the members;

e. Any claim by a member in the member's capacity as a member against any other member in that other member's capacity as a member;

f. Whether any action by the Company or by the members is (I) contrary to this Agreement, or (II) seriously unfair to any member; and

g. Any other matter that, in the Arbitrator's view, is appropriate for decision under this Section 13.d.

(iii) Exclusions from definition. Arbitral Matters shall not include:

a. Routine business matters of the Company; and

b. Matters requiring urgent judicial relief.

(iv) Rules governing arbitration. Except as otherwise provided in this Paragraph 13(d.), any arbitration (an "Arbitration") hereunder shall be governed by the Rules of Commercial Arbitration of the American Arbitration Association ("AAA").

(v) Notice of arbitration. Any member may initiate an Arbitration of any Arbitral Matter. The initiating member shall do so by providing written notice of the Arbitration to the other members. The notice shall bear a current date, shall state the name of the initiating member and shall fully state the matter to be arbitrated.

(vi) Selection of arbitrator. If, within 10 business days after all the members entitled to notice of an Arbitration have received that notice, the members have not agreed among themselves as to the identity of the Arbitrator and the site of the Arbitration, the Company shall immediately refer these matters for resolution by AAA.

(vii) No appeal, etc. No member shall appeal any order of an Arbitrator under this Article 13.d. to any court. The Company or any member may enter any such order in any court of competent jurisdiction.

(viii) Allocations of costs, fees, etc. The Arbitrator may allocate among the members the costs, fees and other expenses relating to an Arbitration in any manner that the Arbitrator shall determine to be appropriate in his absolute discretion; provided, that if the Arbitrator determines that a member has initiated an Arbitration without a reasonable basis for doing so, the Arbitrator shall assess against that member all costs of the Company and the other members relating to the Arbitration, including, without limitation, the reasonable attorneys' fees of the Company and the other members.

(ix) Awarding of litigation costs to prevailing party. If, in a suit in law or equity, any member or members seek judicial review of any issue arising in an arbitration under this Article 13.d., an Arbitrator may allocate to the losing parties in that suit all costs reasonably incurred by the prevailing parties. This Agreement and the rights of the parties hereunder shall be governed by the laws of the State of West Virginia.

e. Counterparts. This Agreement may be executed in any number of separate counterparts, all of which taken together shall be deemed one original instrument notwithstanding that all parties are not signatory to the same counterpart.

f. Headings. The headings used in this Agreement are used solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect.

g. Entire Agreement. This Agreement contains the entire agreement among the Members with respect to the subject matter hereof.

h. Severability. In the event any part of this Agreement is found to be void, the remaining provisions hereof shall nevertheless be binding with the same effect as though the void parts were deleted.

[Signature page follows this page.]

IN WITNESS WHEREOF, this Agreement has been executed by each of the parties set forth below as of the day and year first above written.

MANAGER:

PILLAR ENERGY, LLC

By: Jeffrey B. Isner
Chief Executive Officer

MEMBERS:

JEFFREY B. ISNER

~~EZRA R. SCHOOLCRAFT~~ Hadic, LLC

PATRICK C. GRANEY, III

W. MARSTON BECKER

STEVE WEHRLE

MIKE GRANEY

HANSARLYN PARTNERS, LP

By: _____

COMPANY:

PILLAR FUND 2 LLC

By: _____
Pillar Energy, Manager
Jeffrey B. Isner,
Chief Executive Officer

W. MARSTON BECKER

STEVE WEHRLE

MIKE GRANEY

HANSARLYN PARTNERS, LP

By: _____

COMPANY:

PILLAR FUND 2 LLC

By: _____

Pillar Energy, Manager

Jeffrey B. Isner,

Chief Executive Officer

3" = "1" "4661823.1" ""

Exhibit A

Schedule of Members, Contributions and Units

Name	Initial Contribution	Initial Ownership	Ownership After Flip	Ownership After Second Flip
Mike Graney	$50,000	6.00%	5.33%	5.00%
Pat Graney	$175,000	21.00%	18.67%	17.50%
Steve Wehrle	$175,000	21.00%	18.67%	17.50%
Hansarlyn Partners, LP	$175,000	21.00%	18.67%	17.50%
W. Marston Becker	$175,000	21.00%	18.67%	17.50%
Jeffrey Isner	$0.00	5.00%	10.00%	12.5%
Ezra Schoolcraft	$0.00	5.00%	10.00%	12.5%

IN WITNESS WHEREOF, this Agreement has been executed by each of the parties set forth below as of the day and year first above written.

MANAGER:

PILLAR ENERGY, LLC

By: Jeffrey B. Isner
Chief Executive Officer

MEMBERS:

JEFFREY B. ISNER

EZRA R. SCHOOLCRAFT

PATRICK C. GRANEY, III

W. MARSTON BECKER

STEVE WEHRLE

MIKE GRANEY

HANSARLYN PARTNERS, LP

By: _____

COMPANY:

PILLAR FUND 2 LLC

By: _____
Pillar Energy, Manager
Jeffrey B. Isner,
Chief Executive Officer

IN WITNESS WHEREOF, this Agreement has been executed by each of the parties set forth below as of the day and year first above written.

MANAGER:

PILLAR ENERGY, LLC

By: Jeffrey B. Isner
Chief Executive Officer

MEMBERS:

JEFFREY B. ISNER

EZRA R. SCHOOLCRAFT

PATRICK C. GRANEY, III

W. MARSTON BECKER

STEVE WEHRLE

MIKE GRANEY

HANSARLYN PARTNERS, LP

By: CL Christensen III – Gen. Partner

COMPANY:

PILLAR FUND 2 LLC

By:
Pillar Energy, Manager
Jeffrey B. Isner,
Chief Executive Officer

Exhibit A

Schedule of Members, Contributions and Units

Name	Initial Contribution	Initial Ownership	Ownership After Flip	Ownership After Second Flip
Mike Graney	$50,000	6.00%	5.33%	5.00%
Pat Graney	$175,000	21.00%	18.67%	17.50%
Steve Wehrle	$175,000	21.00%	18.67%	17.50%
Hansarlyn Partners, LP	$175,000	21.00%	18.67%	17.50%
W. Marston Becker	$175,000	21.00%	18.67%	17.50%
Jeffrey Isner	$0.00	5.00%	10.00%	12.5%
Ezra Schoolcraft	$0.00	5.00%	10.00%	12.5%

Exhibit B

Joinder Agreement

The undersigned is executing and delivering this Joinder Agreement pursuant to the Operating Agreement for PILLAR FUND 2 LLC, dated as of _____ ____, 2017, as may be amended from time to time (the "Operating Agreement"), by and among the Members, the Manager and the Company. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Operating Agreement.

The undersigned agrees that he, she, or it shall be a holder of that number of Units as set forth on Exhibit A to the Operating Agreement. [Furthermore, the undersigned agrees that he, she or it shall be a Member.] By executing and delivering this Joinder Agreement to the Company, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the terms and provisions of the Operating Agreement, as a holder of ____ Units [and as a Member] with all the rights and obligations attendant thereto.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of the ___ day of _____, 20_____.

Name:_____

Address for Notices:

_____

_____

_____

_____

With copies to:

_____

_____

_____

_____

Signature:_____

Date:_____

Exhibit C

Addresses for Notice

To the Company:

Pillar Fund 2 LLC
412 Tennessee Avenue
Charleston, West Virginia 25302

To Manager:

Pillar Energy LLC
412 Tennessee Avenue
Charleston, West Virginia 25302

To Isner:

Jeffrey B. Isner
412 Tennessee Avenue
Charleston, West Virginia 25302

To ~~Schoolcraft~~: HADIC, LLC

~~Ezra R. Schoolcraft~~ HADIC, LLC
412 Tennessee Avenue
Charleston, West Virginia 25302

To P. Graney:

Patrick C. Graney, III
412 Tennessee Avenue
Charleston, West Virginia 25302

To Becker:

W. Marston Becker
232 Locha Drive
Jupiter, Florida 33458

To Hansarlyn Partners, LP

Hansarlyn Partners, LP
C. Lynch Christian, III
Post Office Box 638
Lynchburg, Virginia 24505

To Wehrle:

Steve Wehrle
1310 North Ocean Boulevard
Gulf Stream, Florida 33483

To M. Graney:

Mike Graney
1234 Upper Ridgeway Road
Charleston, West Virginia 25314

FILED
2022 DEC 14 AM 11:16
CATHY S. GATSON, CLERK
KANAWHA COUNTY CIRCUIT COURT

OPERATING AGREEMENT
OF
SYCAMORE MIDSTREAM LLC

THIS OPERATING AGREEMENT (this "Agreement") is made effective as of April 1, 2019, by and among **SYCAMORE MIDSTREAM LLC,** a West Virginia limited liability company (the "Company"), **JEFFREY B. ISNER**, a resident of West Virginia ("Isner"), **HADIC, LLC**, a West Virginia Limited Liability Company ("HADIC"), **PATRICK C. GRANEY, III**, a resident of West Virginia ("P. Graney"), **TOM GRAFF**, a resident of West Virginia ("Graff"), **J. THOMAS LANE**, a resident of West Virginia ("Lane"), **STEVE WEHRLE,** a resident of Florida ("Wehrle"), **W. MARSTON BECKER**, a resident of Florida ("Becker"), **PINEY LAND COMPANY**, a West Virginia corporation ("Piney Land"), and **HANSARLYN PARTNERS, LP**, a Virginia limited partnership ("Hansarlyn").

WITNESSETH:

WHEREAS, the Members desire to organize the Company and to enter into this Agreement to regulate and establish the affairs and business of the Company;

NOW, THEREFORE, for One Dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the mutual promises contained herein, the parties hereto agree as follows:

1. DEFINITIONS. The following terms have the meanings ascribed to them below:

a. "Affiliate" means with respect to any Person: (A) any entity or individual that directly or indirectly Controls or holds the power to vote 5% or more of the outstanding voting securities of the Person in question; (B) any Person, 5% or more of whose voting securities are directly or indirectly owned by, Controlled by or held with power to vote by such other Person; (C) any Person directly or indirectly Controlling, Controlled by, or under common control with such other Person; (D) any officer, director or partner of such other Person; (E) if such other Person is an officer, director or partner, any company for which such Person acts in such capacity.

b. "Capital Account" means, with respect to any Member, the Capital Account which shall be maintained for such Member throughout the term of the Company in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited the fair market value of such Member's capital contribution and any additional capital contributions, such Member's distributive share of Profits, and the amount of any Company liabilities that are assumed by such Member;

(ii) To each Member's Capital Account there shall be debited the amount of cash and the fair market value (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under § 752 of the Internal Revenue

Code of 1986, as amended (the "Code)) of any Company property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses, allocations to such Member of expenditures of the Company described in § 705(a)(2)(B) of the Code, and the amount of any liabilities of such Member that are assumed by the Company or that are secured by any property contributed by such Member to the Company;

(iii) In the event that any Unit or Units in the Company are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Unit or Units;

(iv) In determining the amount of any liability for purposes of subsections (i) and (ii) hereof, there shall be taken into account Code § 752(c) and any other applicable provisions of the Code as well as the United States Department of Treasury Regulations promulgated thereunder (the "Regulations");

(v) The foregoing provisions and the other provisions of this Agreement relating to the establishment and maintenance of Capital Accounts are intended to comply with Regulations § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations, and in any event the determination and maintenance of the Capital Accounts for the full term of the Company shall be in accordance with the rules of Regulations § 1.704-1(b)(2)(iv). If the Company shall determine that it is necessary to modify the manner in which the capital accounts, or debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company) are computed in order to comply with such Regulations, then the Company shall make such modification.

c. "Confidential Information" means all information concerning or related to the business, operations, financial condition or prospects of the Company or any of its Affiliates, regardless of the form in which such information appears and whether or not such information has been reduced to a tangible form, and specifically includes (A) all information regarding the officers, Managers, directors, employees, equity holders, customers, suppliers, distributors, sales representatives and licensees of the Company and its Affiliates, in each case whether past, present or prospective, (B) all inventions, discoveries, trade secrets, processes, techniques, methods, formulae, ideas and know-how of the Company and its Affiliates and (C) all financial statements, audit reports, budgets and business plans or forecasts of the Company and its Affiliates; provided, however; that Confidential Information does not include (X) information which is or becomes generally known to the public through no act or omission of the Members in violation of the terms of this Agreement and (Y) information that has been or hereafter is lawfully obtained by a Member from a source other than the Company or any of its Affiliates (or their respective officers, managers, directors, employees, equity holders or agents) so long as, in the case of information obtained from a third party, such third party was or is not, directly or indirectly, subject to an obligation of confidentiality owed to the Company or any of its Affiliates at the time such Confidential Information was or is disclosed to such Member or Manager.

d. "Control", "Controlled" and "Controlling" mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

e. "Debtor in bankruptcy" means a Person who is the subject of an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application or a comparable order under federal, state or foreign law governing insolvency.

f. "Distribution" means a transfer of money, property or other benefit from the Company to a Member in the Member's capacity as a Member or to a transferee of the Member's distributional interest.

g. "Distributional interest" means all of a Member's interest in distributions by the Company.

h. "Manager" means the Person designated as the Company's manager pursuant to Section 8.a.

i. "Net Receipts" for a particular taxable year of the Company shall be the taxable income of the Company for federal income tax purposes, adjusted as follows:

(i) The following items shall be added to taxable income: (A) depreciation and other non-cash charges deducted in determining taxable income; and (B) any other income or receipt (excluding a capital contribution and loans to the Company from any Member) that is not included in said taxable income; and

(ii) The following items shall be subtracted from taxable income: (A) Profits or Losses arising from the sale or other disposition of all or substantially all of the assets of the Company; (B) principal payments on all indebtedness; (C) amounts set aside as a reasonable reserve for working capital needs, improvements, replacements or other contingencies; (D) amounts paid for capital expenditures or replacements (other than those withdrawn from the reserve in (C) above); and (E) any other cash expenditures that have not been deducted in determining said taxable income.

j. "Person" means any individual, general partnership, limited partnership, corporation, trust, limited liability company or other association or entity.

k. "Profits" and "Losses" means, for each taxable year of the Company or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with § 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to § 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be added to such taxable income or loss; and

(ii) Any expenditures of the Company described in § 705(a)(2)(B) of the Code or treated as § 705(a)(2)(B) of the Code expenditures pursuant to Regulations § 1.704-

1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this Section, shall be subtracted from such taxable income or loss.

l. "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

m. "Transfer" means, with respect to any Unit or other interest in the Company, a sale, conveyance, assignment, pledge, encumbrance, gift, bequest, hypothecation or other transfer or disposition by any other means, whether for value or no value and whether voluntary or involuntary (including, without limitation, by operation of law), or any agreement to do any of the foregoing.

2. FORMATION OF LIMITED LIABILITY COMPANY. On April 1, 2019, the Members, being all of the members of the Company, formed a limited liability company under the name "SYCAMORE MIDSTREAM LLC" pursuant to the provisions of the West Virginia Limited Liability Company Act, West Virginia Code §31B-1-101 *et seq.* (the "Act").

3. GENERAL PROVISIONS.

a. Principal Office. The principal office of the Company in West Virginia shall be located at 412 Tennessee Avenue, Charleston, Kanawha County, West Virginia, 25302 or such other place in West Virginia as the Members may from time to time determine.

b. Articles of Organization. The Articles of Organization were filed in the Office of the Secretary of State of the State of West Virginia (the "State Office") on April 1, 2019 (as amended from time to time in accordance with the terms of the Act and this Agreement, the "Articles of Organization"). The Members shall cause amendments, if any, to be made to the Articles of Organization and properly filed and recorded whenever required by the Act.

c. Term. The Company commenced on April 1, 2019, and shall continue until terminated pursuant to the Articles of Organization, this Agreement, or the laws of the State of West Virginia.

d. Operating Agreement. The Members hereby enter into this Agreement to regulate and establish the affairs and business of the Company, the conduct of its business and the relations of the Members to one another and the Company.

e. Nature of Business and Powers. The Company may engage in any lawful business. The Company has the same powers as an individual to do all things necessary or convenient to carry on its business or affairs.

f. Legal Entity. The Company is a legal entity distinct from the Members. Except as provided otherwise herein, a Member is not a co-owner of, and has no transferable interest in, property of the Company. A distributional interest in the Company is personal property and, subject to the terms of this Agreement, may be Transferred in whole or in part.

g. Annual Report for Secretary of State. The Company shall timely deliver to the State Office for filing an annual report that sets forth the information required under the

Act. Information in an annual report must be current as of the date the annual report is signed on behalf of the Company. Annual reports must be delivered to the State Office between the first day of January and the first day of April of the ensuing calendar years.

4. CAPITAL.

a. Form of and Liability for Contributions. A contribution of a Member may consist of tangible or intangible property or other benefit to the Company, including money, promissory notes, services performed or other agreements to contribute cash or property, or contracts for services to be performed.

b. Capital Contributions of Members. In exchange for their initial interests in the Company, each of the Members have contributed to the capital of the Company that value as set forth in the attached Schedule of Members, Contributions and Units. The fair market value of any property other than cash to be contributed as additional contributions shall be agreed to between the contributing Member and the Manager.

c. Additional Capital Contributions.

(i) Additional capital contributions shall be made by the Members from time to time whenever the Manager determines that such additional capital contributions are necessary to accomplish the purposes and objectives of the Company. Each Member shall have the right, but not the obligation, to participate in any additional capital contribution pro-rata in accordance with such Member's ownership percentage in the Company. All Members participating in such additional capital contribution shall receive Units in return for their contribution at the then-current subscription rate or, if no such rate exists, at a per-Unit rate based upon the fair market value of the Company at the time of the contributions, as reasonably determined by the Manager (upon advice from the Company's accountant). No Member shall be obligated to make any additional capital contribution to the Company unless agreed to by such Member. In addition, no Member shall be obligated to lend funds to the Company, unless agreed to by such Member.

(ii) If the Manager determines that an additional capital contribution is necessary to accomplish the purposes and objectives of the Company, they shall cause the Company to give each Member a written notice of the additional capital contribution, the aggregate amount of the additional capital contribution, the type of Units to be issued in connection therewith, the subscription rate and the general terms upon which the Company proposes to issue any Units related to the additional capital contribution (a "Contribution Notice"). Each Member shall have thirty (30) days from the date of receipt of any Contribution Notice to agree to make such Member's pro rata share of the additional capital contribution (including the exercise of rights contained in Section 4.c.(iv) in lieu of participating in such additional capital contribution) based upon its percentage ownership of the Company for the price set forth in the Contribution Notice by giving written notice to the Company and stating the amount of the additional capital contribution to be made. If any Member fails to exercise its rights under this Section with respect to all or any portion of such Member's pro rata share of the additional capital contribution, then the Company shall have one hundred eighty (180) days thereafter to satisfy any uncommitted portion of the requested additional capital contribution, by

issuing or entering into an agreement to issue any new Units related to an existing Member's or a third-party's capital contribution, on terms no more favorable than those offered to the Members in the Contribution Notice. If the Company has not satisfied the full amount of the requested additional capital contribution within such period, then the Company shall not thereafter issue or sell any additional Units without first offering such Units to the Members in the manner provided for herein. Each Member acknowledges that the failure to exercise its rights to make an additional capital contribution under this Section will result in the dilution of such Member's percentage interest in the Company.

(iii) If a subscription agreement with a Member provides for a call for additional funds under a capital commitment, then the Manager, on behalf of the Company, may require that Member to contribute any portion or all of its remaining capital commitment to the Company in accordance with the terms of such subscription agreement.

(iv) In lieu of acquiring Units as an additional capital contribution, any Member may loan the Company a sum of money equal to such Member's pro rata share of any additional capital contribution at a negotiated interest rate pursuant to the terms of a promissory note that is mutually acceptable to the Member and the Manager.

(v) The fair market value of any property other than cash to be contributed as additional contributions shall be agreed upon by the contributing Member and the Manager.

(vi) If any Member or Members are required to contribute capital as a result of the Member or Members' endorsement of one or more notes made by Company, Company will immediately issue a demand note to the Member or Members in the principal amount required to be contributed by the Member or Members. Any such demand note issued under this section shall bear interest at a rate of Two Percent (2.0%) above the Summit Bank Prime Rate. If Company is required to issue one or more demand notes pursuant to this section, Company shall not issue any additional debt superior to such note or notes, and Company shall discontinue all distributions until such time as all demand notes issued pursuant to this section are paid in full. If Company is required to issue two or more demand notes pursuant to this section simultaneously, Company and all Members agree that such demand notes shall be given equal priority and payments made on said notes shall be applied equally across all such notes on a pro rata basis.

d. No Right to Withdraw Capital. No interest shall accrue on any contribution to the capital of the Company, and no Member shall have the right to withdraw capital from the Company or be repaid any contribution of capital except as otherwise specifically provided herein or in the Act. The Company shall reimburse a Member for an advance to the Company beyond the amount of any contribution the Member agreed to make under Section 4.b. This obligation of the Company to reimburse constitutes a loan to the Company upon which interest accrues from the date of the payment or advance, at a negotiated interest rate as of the date of the advance to the Company.

e. Capital Accounts. A separate Capital Account shall be established and maintained throughout the term of the Company for each Member.

f. Use of Capital Contributions. The Company will utilize the capital contributions of members to purchase oil and natural gas assets, including, but not limited to, pipeline and related infrastructure for the transportation of natural gas, and any other such oil and natural gas-related assets as the Manager may elect.

5. MEMBERS' INTERESTS.

a. The Company Units. The equity and distributional interests of the Members in the Company shall initially be divided into **[number]** (_____) equal units (the "Units"). The Members and their respective Units shall be as set forth on the Schedule of Members, Contributions and Units, attached hereto as ***Exhibit A***. Pursuant to the provisions of Section 4.c. above, the respective Units of the Members shall be adjusted from time to time as necessary to properly reflect the relative relationship of each Member's positive Capital Account balance to the aggregate positive Capital Account balances of all of the Members, and the results of such adjustments shall be reflected upon an addendum to the attached Schedule of Members, Contributions and Units. The Company may issue certificates of interest to the holders of the Units in such form as the Members may consider appropriate. When all Members, with the exception of Schoolcraft and Isner, have been removed or released as endorsers on all notes made by the Company, the interests of all Members shall be adjusted such that Schoolcraft and Isner are each the owner of Twelve and One-Half Percent (12.5%) of the outstanding Units of the Company and the remaining Seventy-Five Percent (75%) of the outstanding Units of the Company are distributed on a pro-rata basis among the other Members. When all notes made by the Company have been paid in full, the interests of all Members shall be distributed such that Schoolcraft and Isner are each the owner of Twenty-Two and One-Half Percent (22.5%) of the outstanding Units of the Company and the remaining Fifty-Five Percent (55%) of the outstanding Units of the Company are distributed on a pro-rata basis among the other Members.

b. Voting of Units. For all matters upon which a Member is entitled to vote under this Agreement or pursuant to the Act, each Member shall have one vote for each Unit held by the Member. Unless otherwise specifically provided herein, the affirmative vote, approval or consent of Members holding more than fifty percent (50%) of all Units shall be required to decide any matter on which the Members may vote. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by and at the request of the holders of not less than ten percent (10%) of all the outstanding Units of the Company entitled to vote at the meeting. The place of meeting shall be the principal office of the Company, unless otherwise designated or agreed to by the Members. Written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall, unless otherwise prescribed by statute, be delivered not less than five (5) nor more than fifty (50) days before the date of the meeting, either personally or by mail, to each Member of record entitled to vote at such meeting in accordance with Section 13.a. Whenever the vote of Members at a meeting thereof is required or permitted to be taken in connection with any Company action, the meeting and vote of such members may be dispensed with if all of the Members who would have been entitled to vote upon the action, if such meeting were held, shall agree in writing to such action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all Members entitled to vote at a meeting of such Members duly called and legally held. A Member may appoint a proxy

to vote or otherwise act for the Member by signing an appointment document, either personally or by the Member's attorney-in-fact.

c. Member's Conduct. The only fiduciary duties a Member owes to the Company and its other Members are the duty of loyalty and the duty of care. A Member's duty of loyalty to the Company and its other Members is limited to the following: (i) to account to the Company and to hold as trustee for it any property, profit or benefit derived by the Member in the conduct or winding up of the Company's business or derived from a use by the Member of the Company's property, including the appropriation of the Company's opportunity; (ii) to refrain from dealing with the Company in the conduct or winding up of the Company's business as or on behalf of a party having an interest adverse to the Company; and (iii) to refrain from competing with the Company in the conduct of the Company's business before the dissolution of the Company, as set forth more fully in Section 5.e. A Member's duty of care to the Company and its other members in the conduct of and winding up of the Company's business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law. A Member shall discharge the duties to the Company and its other Members under the Act or under this Agreement and exercise any rights consistently with the obligation of good faith and fair dealing. No Member violates a duty or obligation under the Act or under this Agreement merely because such Member's conduct furthers such Member's own interest. A Member of the Company may lend money to and transact other business with the Company. As to each loan or transaction, the rights and obligations of any Member are the same as those of a Person who is not a Member, subject to other applicable law. This paragraph applies to a Person winding up the Company's business as the personal or legal representative of the last surviving Member as if the Person were a Member.

d. Non-Disclosure; Non-Use. Each Member and Manager agrees that all Confidential Information (A) is and shall remain (as between such Member or Manager and the Company) the sole and exclusive property and proprietary information of the Company and (B) shall not be used or disclosed by such Member or Manager except (i) in furtherance of the Company's business, (ii) with the prior written consent of the Manager, or (iii) as required by applicable law.

e. Other Business of Members and Managers.

(i) Subject to Section 5.e.(ii), any Member or Manager may engage independently or with others in other business ventures of every nature and description, including, without limitation, the rendering of advice or services of any kind. Subject to Section 5.e.(ii), neither the Company nor any Member or Manager shall have any right by virtue of this Agreement or the Company relationship created hereby in or to such other ventures or activities or to the income or proceeds derived therefrom, and the pursuit of such ventures, even if competitive with the business of the Company, shall not be deemed wrongful or improper.

(ii) Notwithstanding anything to the contrary contained herein, the provisions of Section 5.e.(i) shall be superseded by and not affect the enforceability of any restrictions imposed upon any Member or Manager (or an Affiliate thereof) in an employment, consulting or other similar agreement with the Company

(iii) For the avoidance of doubt, any Member or Manager may engage in any other business that is not in competition, directly or indirectly, with the Company.

f. Consent of the Members. By the execution hereof, the Members expressly consent to the exercise by the Manager of the rights, powers and authority conferred on the Manager by this Agreement. Where this Agreement shall be in conflict with the Act, where permitted, this Agreement shall be deemed to control.

6. PROFITS AND LOSSES.

a. Allocations in General. The Profits and Losses of the Company shall be determined for each taxable year of the Company and shall be allocated ratably among the Members in accordance with their proportionate Units in the Company; provided, however, that if any Member has contributed property other than money to the Company, the allocations shall be governed by § 704(c) of the Code. If any Units shall have been Transferred or assigned during any taxable year, the allocation of the aforementioned items in respect to the interest represented thereby shall be prorated between the transferor and the transferee based upon the time the transferor and the transferee held such Units during the Company's taxable year, in accordance with § 706(d) of the Code.

b. Qualified Income Offset. If any Member unexpectedly receives an adjustment, allocation or distribution described in section (4), (5) or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) which causes or increases a negative balance in such Member's Capital Account, items of the Company's income and gain shall be allocated to such Member in an amount and manner sufficient to eliminate such deficit balance as quickly as possible. Allocations under this Section 6.b. shall be comprised of a pro rata portion of each item of the Company's income and gain, excluding items allocable under Section 6.c. For purposes of this Section 6.b., Capital Accounts shall be adjusted hypothetically to reflect amounts that the Member is required by this Agreement to restore or is deemed to have an obligation to restore as provided in Regulations Sections 1.704-1(b)(2)(ii)(b)(3), 1.704-1(b)(2)(ii)(c), 1.704-2(g) and 1.704-2(i)(5). It is the intention of the Members that this provision shall constitute a "qualified income offset" and will be administered within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d).

c. Minimum Gain Charge back. If during any fiscal year of the Company there is a net decrease in the Company's "minimum gain" (as determined under Regulations Section 1.704-2(d)(1) and 1.704-2(i)(5)), then each Member shall be specially allocated, prior to any other allocation for the year, items of income and gain for that fiscal year (and, if necessary, subsequent years) in the amount equal to the portion of such Member's share of the net decrease in the Company's minimum gain (determined pursuant to Regulations Section §1.704-2(g)). In the event there should be an allocation under this Section 6.c. to more than one Member, then the allocations shall be in accordance with the ratio of the Members' respective deficit balances. For purposes of this Section 6.c., Capital Accounts shall be adjusted hypothetically in the manner provided in Section 6.b. It is the intention of the Members that this provision shall comply with the "minimum gain charge back" requirement of the Regulations, and shall be administered in accordance with those Regulations.

7. DISTRIBUTIONS.

a. Periodic Distributions. The Net Receipts of the Company may be determined or estimated by the Manager for each taxable year of the Company, and the Manager may declare a distribution, and thereupon, to the extent not in contravention of any applicable law, periodically distribute any or all of the Net Receipts ratably among the Members in accordance with their proportionate Units in the Company. Distribution of the Net Receipts, cash or other assets of the Company may be made to the Members prior to liquidation of the Company or liquidation of all or part of a Member's Units. A Member shall not be entitled to receive distributions from the Company at any time before its withdrawal from the Company or before the dissolution and winding-up thereof, unless and until a distribution is declared by the Manager in accordance with the terms of this Agreement.

b. With the exception a tax liability distribution as provided for herein, no distributions shall be made for so long as the Company has any outstanding balance on one or more notes made by the Company. After all notes made by the Company have been paid in full, the Manager shall make monthly distributions of profits of the Company to the Company, and the Company shall make quarterly distributions of the profits of the Company to the Members. Notwithstanding any other provision or provisions of this Agreement, this Section 7(b) may be amended only with the consent of both Members Isner and Schoolcraft until such time as all notes made by the Company have been paid in full.

c. Distributions in Kind. No Member, regardless of the nature of such Member's contribution, has the right to receive any distribution from the Company in any form other than cash. No Member may be required to accept a distribution of any asset in kind to the extent that the percentage of the asset distributed exceeds a percentage of that asset which is equal to the percentage in which the Member shares in distributions from the Company.

d. Tax Liability Distributions. Any provision contained herein notwithstanding, before the expiration of thirty (30) days after the Company files its federal income tax return, IRS Form 1065, for any taxable period, the Company may, in the Manager's discretion after giving due consideration to all relevant facts and circumstances including, without limitation, the likely impact on the Company's cash flow and the relative financial condition of the Members, declare and pay a cash distribution to each of the Members (each, a "Tax Liability Distribution") in an amount equal to (i) that portion of the Company's income attributed to such Member during such taxable period multiplied by (ii) the lesser of (A) 35% or (B) the sum of the maximum federal and state individual income tax rates applicable to any Member for such taxable period, and less (iii) the amount of any distributions declared and paid during such taxable period (other than any Tax Liability Distributions declared and paid during such taxable period that were declared and paid under the provisions of this paragraph with respect to a prior taxable period).

8. MANAGEMENT.

a. Management.

(i) Except as otherwise expressly provided in this Agreement or the Act, the Managers shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as they deem necessary or appropriate to accomplish the purposes and direct the affairs of the Company. In the event that the Company has more than one (1) Manager, the vote, approval or consent of a majority of the Managers shall be necessary and sufficient for the Managers to take any binding action on behalf of the Company. The Manager may delegate to one or more of their number in writing the authority to execute any documents or take any other actions in furtherance of any action that the Manager has authorized on behalf of the Company. A Manager shall be entitled to remuneration for services performed for the Company as provided in this Agreement. The Company shall reimburse a Manager for payments made by such Manager in the ordinary course of the business of the Company or for the preservation of its business or property.

(ii) Except to the extent expressly delegated by the Managers, no Member or Person shall be an agent for the Company or have any right, power or authority to transact any business in the name of the Company or to act for or on behalf of or to bind the Company.

(iii) A Manager need not be an individual or a Member; provided, however, that if any Manager is not a Member, such Person must execute a copy of this Agreement agreeing to become bound by the provisions hereof prior to serving as a Manager.

(iv) As of the date hereof, the initial Managers shall be Jeffrey Isner and Ezra Schoolcraft. The term of each Manager shall expire at the earlier to occur of such Manager's death, incapacity, resignation or removal.

(v) The removal of any Manager (with or without cause) shall only be made upon the affirmative vote of fifty-one percent (51%) of the Units held by all Members; upon removal a new successor or substitute Manager or Managers may be appointed by upon the affirmative vote of fifty-one percent (51%) of the Units held by all Members.

b. Meetings of the Managers.

(i) In the event that the Company has more than one (1) Manager, the Managers may (but shall not be required to) set any number of regular meetings by resolution, but no more than one regular meeting a quarter. No notice need be given for any annual or regular meeting of the Managers. Any Manager may call at any time a special meeting of the Managers on seventy-two (72) hours written notice to each other Manager, which notice shall specify the time and place of the meeting. A Manager may waive notice of any such meeting by an instrument in writing executed before or after the meeting or by attending such meeting. Managers may attend and participate in meetings either in person or by means of conference telephones or similar communications equipment by means of which all Persons participating in the meeting can hear and speak to each other, and participation in a meeting by means of such communication equipment shall constitute presence in person at any meeting. A majority of the number of Managers fixed by this Agreement, including any amendments hereof, shall constitute a quorum for the transaction of business of any meeting of the Managers.

(ii) Any action to be taken at a meeting of the Managers, or any action that may be taken at a meeting of the Managers, may be taken without a meeting if a majority of the Managers sign a consent in writing setting forth the action so taken. A written consent pursuant to this Section may be validly and effectively delivered by any Manager by facsimile or other electronic transmission. Except as may otherwise be expressly provided in this Agreement, the affirmative vote of a majority of the Managers present at a meeting at which there is a quorum shall be the act of the Managers. As used in this Agreement, the phrase "the approval of the Managers," "the consent of the Managers," "as determined by the Managers" "as authorized by the Managers" and similar phrases means an approval in accordance with this Section, except as expressly provided otherwise in this Agreement.

c. Restrictions on the Authority of the Manager. Notwithstanding anything to the contrary contained herein, without the written consent of the Members owning at least fifty-one percent (51%) of the Units held by all Members, the Manager shall not have the authority to:

(i) sell, lease, transfer, assign or otherwise dispose of all or substantially all of the assets of the Company or any subsidiary thereof; or

(ii) merge or convert the Company (or any subsidiary thereof) into or with any other entity.

d. Business Transactions with Members. Any Member may lend money to and transact other business with the Company and has the same rights and obligations with respect thereto as a Person who is not a Member.

e. Manager's Liability.

(i) The Manager is liable for any loss or injury caused to a Person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a Manager acting in the ordinary course of business of the Company or with authority of the Company. No Manager shall be liable to the Company or its Members for monetary damages for breach of fiduciary duty as a Manager except for liability for acts or omissions not in good faith or which involve fraud, gross negligence, willful misconduct or a knowing violation of law. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, are solely the debts, obligations and liabilities of the Company. No Member or Manager is personally liable for a debt, obligation or liability of the Company solely by reason of being or acting as a Member or Manager. The failure of the Company to observe the usual company formalities or requirements relating to the exercise of its company powers or management of its business is not a ground for imposing personal liability on a Manager or Member for liabilities of the Company. Any repeal or modification of this Section 8.e. shall not adversely affect any right or protection of a Manager existing, or any right or protection based on a state of facts existing, prior to such repeal or modification.

(ii) Each Manager shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to the matters such Manager reasonably believes are within

such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses or net cash flow or any other facts pertinent to the existence and amount of assets from which distributions to the Members might properly be paid.

f. Time Devoted by Manager. The Manager shall devote to the Company such time as he deems necessary for the proper performance of his duties hereunder, but the Manager shall not be expected to devote his full time to such duties.

g. Maintenance of Company Status. The Manager shall at all times use his best efforts to cause the Company to comply with such conditions as may be required from time to time to permit the Company to be classified, for federal income tax purposes, as a partnership and not as an association taxable as a corporation. The Manager shall take all action that shall be necessary or appropriate for the continuation of the Company's valid existence as a limited liability company under the laws of the State of West Virginia.

h. Scope of Management Activities. In addition to all other duties of the Manager provided in this Agreement, the Manager shall perform the following services and functions for the Company:

(i) Maintain all required bonds and insurance coverage for all assets of the Company, either by securing necessary bonds or policies of insurance or otherwise obtaining otherwise acceptable bond and insurance coverage, as applicable; and

(ii) Complete and submit all reports and other documentation required by local, state, or federal entities or regulatory agencies, as applicable, for each asset owned by Company.

9. BOOKS, RECORDS, AUDITS AND RECORDS.

a. Books and Records. The Manager shall keep, or cause to be kept, the records of the Company at the principal office of the Company, and each Member, its agents and attorneys, shall have access to the records. The Company shall provide former members and their agents and attorneys access for proper purposes to records pertaining to the period during which they were Members. The right of access provides the opportunity to inspect and copy records during ordinary business hours. The Company may impose a reasonable charge, limited to the costs of labor and material, for copies of records furnished. The Company shall furnish to a Member and to the legal representative of a deceased Member or Member under legal disability: (i) without demand, information concerning the Company's business or affairs reasonably required for the proper exercise of the Member's rights and performance of the Member's duties under this Agreement or the Act; and (ii) on demand, other information concerning the Company's business or affairs, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances. A Member has the right upon written demand given to the Company to obtain at the Company's expense a copy of the Agreement.

b. Accounting Period, Annual Financial Statements. The accounting period of the Company shall be the calendar year herein referred to as the Company's "taxable year". The Company shall provide each Member with a financial statement of the Company within sixty (60) days after the end of each taxable year of the Company, or as soon thereafter as practicable.

c. Reports. The Manager shall prepare or cause to be prepared at the Company's expense:

(i) the financial statements contemplated in Section 9.b.;

(ii) income tax returns for the Company, which it shall timely file with appropriate authorities; and

(iii) a notice of each Member's share of the Profits and Losses for federal income tax purposes for each year and any other information necessary for preparation by each Member of any federal income tax return, which shall be delivered to such Member within sixty (60) days after the end of each taxable year, or as soon thereafter as practicable.

d. Federal Income Tax Information. The Manager may elect, in his sole discretion, to adjust the basis of the property of the Company under Section 754 of the Code. The Manager, or one of the Managers in the case of multiple Managers, shall serve as the "Tax Matters Person" to act on behalf of the Company, who will serve as principal representative of the Company in partnership-level administration and judicial proceedings with the Internal Revenue Service. In addition to the duty of the Tax Matters Person to keep each Member informed of all administrative and judicial tax proceedings, the following provisions shall apply with respect to the activities of the Tax Matters Partner:

(i) The Tax Matters Person shall not consent to an extension of any statute of limitations without the consent of the other Managers, if any.

(ii) The Tax Matters Person shall not bring suit in any forum other than the United States Tax Court without the consent of the other Managers, if any.

(iii) Following the receipt by the Tax Matters Person of any notice that the Internal Revenue Service intends to audit any tax return of the Company, the Tax Matters Person shall promptly copy the other Managers, if any, on all further written communication to and from the Internal Revenue Service concerning any such proceeding.

(iv) The Tax Matters Person shall take all procedural steps reasonably requested in writing by the other Managers, if any, including without limitation, requesting extensions of time in which to protest any notice of proposed deficiency and the time, date and place of any meetings or hearings concerning the tax matters in issue.

e. Bank Accounts and Investment of Funds. The Manager shall open and maintain, on behalf of the Company, a bank account or accounts at such time and in such depositories as it shall determine, in which all monies received by or on behalf of the Company

shall be deposited. All withdrawals from such accounts shall be made upon the signature of such Person or Persons as the Manager may from time to time designate. Any funds of the Company that the Manager may determine are not currently required for the conduct of the Company's business may be invested at the sole discretion of the Manager.

10. TRANSFER OF UNITS IN COMPANY.

a. General Restriction on Transfer. No Member shall Transfer any one or more Units held by such Member, and no transferee thereof shall be admitted as a substitute member, except as is otherwise expressly permitted under the provisions of this Section 10. The Members acknowledge that the Units have not been registered under either the Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state.

b. Permitted or Required Transfers.

(i) Certain Definitions. The following terms have the meanings ascribed to them below:

A. "Bankruptcy" means any proceeding related to bankruptcy or insolvency or the initiation of proceedings in any state or federal court as an arrangement for a Person's creditors in bankruptcy, reorganization or insolvency.

B. "Disability" means, in the sole discretion of and judgment of the Company, as determined by the Manager, when a Member is unable to perform his duties to the satisfaction of the Company due to a physical or mental incapacity. The Company may, but is not required to, rely on the advice of a physician in making a determination of "Disability".

C. "Divorce" means the divorce or separation of a Member from such Member's spouse where a division of property is required.

D. "Breach of Moral Turpitude" means that a Member has been convicted of, or plead guilty to, a felonious criminal charge or has otherwise engaged in fraudulent or illegal actions which are reasonably likely to have a material adverse effect on the Company's business or its internal affairs or operations.

(ii) Required Transfers. Upon the occurrence of any of the following events, the Company shall redeem the Units held by the Member in accordance with the terms of Sections 10.f and 10.g:

A. The death of a Member; or

B. The Disability of a Member.

(iii) Permitted Transfers. Upon the occurrence of any of the following events, the affected Member (an "Offering Member") shall immediately notify the Company and the remaining Members (the "Remaining Members") of the event and by written notice (a

"Trigger Notice") to the Company and the Remaining Members, shall offer to sell all of the Units held by such Offering Member to the Remaining Members, and any of the Remaining Members, in their sole and absolute discretion, may purchase and/or redeem, as applicable, the Units so offered in accordance with the terms of this Section 10 (each, a "Triggering Event"):

A. A Member desires to Transfer for any amount of consideration all or any portion of the Units held by such Member;

B. A Bankruptcy of a Member; or

C. A Divorce of a Member, where such divorcing Member was required by a court of competent jurisdiction to Transfer direct or indirect ownership or control of part or all of the Units held or controlled by such divorcing Member; provided that the divorcing Member shall take any and all steps necessary to retain sole, unencumbered ownership of all of the Units in the Company held or controlled by such Member; or

D. A Member commits or engages in a Breach of Moral Turpitude.

(iv) Offer and Acceptance of Permitted Transfers. Any Offering Member who undergoes a Triggering Event shall provide a Trigger Notice to the Remaining Members and the Company within forty-five (45) days of the occurrence of the Triggering Event. Each of the Remaining Members shall have forty-five (45) days after receipt of the Trigger Notice (the "Response Period") to notify the Offering Member in writing such party's decision with respect to the offer contained in the Trigger Notice. If the parties elect to consummate the transaction contemplated in the Trigger Notice, (A) the price for the Units to be Transferred shall be determined in accordance with Section 10.f. and (B) the manner of payment shall be as set forth in Section 10.g.

c. Additional Terms.

(i) Offer Period. If the offer to the Remaining Members is not timely accepted, then, for a period of twelve (12) months thereafter, the Offering Member may Transfer the subject Units to any interested transferee. The Offering Member shall have the right not to sell such Units to the Remaining Members unless all of the Units contained in the offer are to be Transferred. If such Units have not been Transferred by the Offering Member during the twelve-month period, the Offering Member must make new offers to the then-Remaining Members in accordance with the terms of this Agreement.

(ii) Deemed Offer. Any failure of an Offering Member to make the required offer in a timely manner shall not have an adverse effect upon the ability of the Remaining Members and/or the Company to purchase the Units of the Offering Member. Upon any such failure, the Company shall make such offer on behalf of the Offering Member and the Remaining Member(s) and/or the Company may accept such offer to the same effect as if the Offering Member had made such offer.

d. Pro Rata Purchase of Units. If more than one of the Remaining Members elects to purchase all or part of the Units under Section 10.b.(iv) and the aggregate number of such Units that all such Remaining Members elect to purchase exceeds the number of Units offered, then each such Remaining Member shall have the right to purchase a number of the Units so offered calculated by multiplying the number of Units so offered times a fraction, the numerator being the number of Units owned by such electing Remaining Member, and the denominator being the total number of Units owned by all electing Remaining Members. If each of the Remaining Members elect to purchase its pro-rata share of the Units, then upon the unanimous written consent of the Remaining Members, the election to purchase of Units by the Remaining Members pursuant to this Section 10 may be assigned to the Company in which case the Company will redeem the Units upon the same terms and conditions.

e. New Members; Transferees.

(i) Notwithstanding any other provision in this Agreement, prior to any Transfer or issuance of Units to a Person who is not a Member on the date that this Agreement is signed and is not fully bound by this Agreement, such Person shall agree in writing to be fully bound by the terms of this Agreement by executing a Joinder Agreement, the form of which is attached hereto as ***Exhibit B***. The Members hereby appoint the Company as their agent and attorney to execute such agreement on their behalf and expressly agree to bind themselves to the agreement by the Company's execution of that agreement without further action on their parts.

(ii) Notwithstanding the foregoing, a Transfer of any Units shall not entitle the transferee to become or to exercise any rights of a Member with respect to such Units. A Transfer entitles the transferee to receive, to the extent Transferred, only the distributions to which the transferor would be entitled. A transferee of any Units may become a member of the Company if and to the extent that all other Members consent, provided, however, that if the transferor was the only Member at the time of the Transfer, the Transfer of any Units shall entitle the transferee to become and to exercise all rights of a Member with respect to such Units. A transferee who has become a Member, to the extent Transferred, has the rights and powers, and is subject to the restrictions and liabilities, of a Member under this Agreement and the Act, including, but not limited to, any obligations under the Act to return unlawful distributions. Whether or not a transferee of any Units becomes a Member hereunder, the transferor is not released from liability to the Company under this Agreement or the Act. A transferee who does not become a Member is not entitled to participate in the management or conduct of the Company's business, require access to information concerning the Company's transactions or inspect or copy any of the Company's records. A transferee who does not become a Member is entitled to: (A) receive, in accordance with the Transfer, distributions to which the transferor would otherwise be entitled; (B) receive, upon dissolution and winding up of the Company's business: (1) in accordance with the Transfer, the net amount otherwise distributable to the transferor; (2) a statement of account only from the date of the latest statement of account agreed to by all the Members; and (C) seek under Section 12.a.(vi) a judicial determination that it is equitable to dissolve and wind up the Company's business. The Company need not give effect to a Transfer until it has notice of the Transfer.

f. Purchase Price. Any purchase or redemption of Units pursuant to this Section 10 shall be carried out at the Units' fair market value on the date of the transaction, determined by independent appraisal that meets the requirements of Code section 401(a)(28)(C) and the Regulations thereunder as of a date that is no more than twelve (12) months before the relevant transaction to which the valuation is applied with due consideration being given to the terms of a bona fide, arm's length third-party offer in the case of a voluntary transfer permitted under Section 10.b.(iii)A. above.

g. Manner of Payment.

(i) Redemption. In the event that the Company redeems a Member's Units, the purchase price shall be paid in an initial installment equal to the insurance proceeds received by the Company, if any, on the life or disability of the transferring Member, if applicable, to the extent that such proceeds do not exceed the purchase price of the Units and the balance, if any, shall be paid in such manner as is mutually agreed by the affected parties after due consideration of all relevant facts and circumstances such as the likely impact on the Company's cash flow, the relative availability or unavailability of funds from banks or financial institutions, current market conditions and the financial condition of the affected Member.

(ii) Purchase. In the event that the Remaining Members purchase the Units of an Offering Member, the purchase price shall be paid upon the same terms expressed in Section 10.g.(i), and the parties acknowledge and agree that any insurance proceeds or cash value from any insurance policies maintained by the Company on the life of any Member shall be available to the purchasing Remaining Members for use in purchasing the Units.

(iii) Closing. The closing for any Transfer contemplated by this Section 10 shall take place at the office of the Company, or such other location as the parties may agree upon, at a date as agreed upon by the Company and the Member (or his or its personal representative); provided, however, that the closing shall not take place later than six (6) months following the date on which the Triggering Event occurred.

11. DISSOLUTION AND TERMINATION.

a. Events of Dissolution. The Company shall be dissolved upon the occurrence of any of the following events: (i) entry of a decree of judicial dissolution; (ii) upon the occurrence of any event resulting in there being no Members of the Company; or (iii) upon the unanimous written consent of all of the Members.

b. Liquidation. The dissolution of the Company shall be effective on the date on which the event occurs giving rise to such dissolution, but the Company shall not be wound up until the Articles of Organization shall have been canceled and the assets of the Company shall have been distributed as provided in Section 11.d. Notwithstanding the dissolution of the Company, prior to the winding-up of the Company, the business of the Company and the rights of the Members shall continue to be governed by this Agreement. Upon dissolution of the Company and the Manager, or (in the absence of the Manager) a liquidator appointed with the consent of the Members, shall liquidate the assets of the Company, apply and

distribute the proceeds thereof as contemplated by this Agreement, and cause the cancellation of the Articles of Organization.

c. Distributions in Liquidation. Upon the dissolution of the Company and incident to the winding-up of the Company's business and affairs, the Manager (or liquidator, as applicable) shall distribute the assets of the Company as follows: (i) to secured creditors of the Company to the extent of their security, including all Members who are secured creditors for reasons other than unpaid declared distributions; (ii) to general unsecured creditors of the Company, including all Members who are creditors for reasons other than unpaid declared distributions to the extent permitted by law; (iii) to any Member who is a creditor as a result of an unpaid declared distribution, provided that if such distribution was declared within one (1) year of the event causing dissolution, then the Member shall be at parity with other general unsecured creditors; and (iv) to Members, first for the return of their contributions and second with respect to their interests in the Company in proportion to which the Members share in the Profits of the Company.

12. AMENDMENTS.

a. Amendments. Amendments to this Agreement may be proposed by any of the Members by submitting to all other Members a written, verbatim statement of any proposed amendment. A proposed amendment shall be adopted and be effective as an amendment hereto if it receives the consent and approval of the holders of a majority of the Units.

b. Restrictions on Amendments. Notwithstanding the terms set forth in Section 12.a., this Agreement shall not be amended without the consent of each of the Members adversely affected if such amendment would (i) modify the limited liability of a Member, (ii) alter the interest of a Member in the profits, losses or distributions of the Company or (iii) modify or amend this Section 12.

13. MISCELLANEOUS.

a. Notices.

(i) To the Members. Any notice to be given hereunder at any time to any Member, or any documents, reports or returns required by this Agreement to be delivered to any Member, may be delivered personally or mailed to such Member, postage prepaid, addressed to it at such address as set forth on ***Exhibit C*** hereto. Any notice, or any document, report or return so delivered or mailed shall be deemed to have been given or delivered to such Member at the time it is delivered or mailed, as the case may be.

(ii) To the Company. Any notice to be given to the Company hereunder may either be delivered personally or mailed by registered or certified mail, postage prepaid, addressed to the Company at the address set forth on ***Exhibit C*** hereto. Any notice so delivered or mailed shall be deemed to have been given to the Company at the time it is delivered or mailed, as the case may be.

b. Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement and each and every provision hereof shall be binding upon and shall inure to the benefit of each of the Members, their respective successors, administrators, heirs and assigns, and each and every successor in interest to any Member, whether such successor acquires such an interest by way of gift, devise, purchase, foreclosure or by any other method, shall hold such interest subject to all the terms and provisions of this Agreement and shall consent in writing to the binding effect of this Agreement.

c. Gender or Number. As used herein, unless the context clearly indicates to the contrary, a singular pronoun shall include the plural, the plural the singular, and the use of any pronoun of any gender shall be applicable to all genders.

d. Dispute Resolution.

(i) Mandatory arbitration of certain disputed matters. Any dispute among the members or between any member and the manager relating to Arbitral Matters (as defined below) shall be exclusively and finally resolved by arbitration by a single arbitrator (the "Arbitrator").

(ii) Definition of Arbitral Matter. Arbitral Matters shall include only the following types of matters:

a. Now to construe and enforce the provisions of this Section 13.d. (including any issue concerning the scope of these provisions);

b. Whether the expulsion of a member is fair;

c. Whether a vote by majority members concerning the Company's dissolution is fair to minority members;

d. Whether the purchase price or the other terms of purchase of a member's Units pursuant to the terms of this Agreement is fair to the Company and to the members;

e. Any claim by a member in the member's capacity as a member against any other member in that other member's capacity as a member;

f. Whether any action by the Company or by the members is (I) contrary to this Agreement, or (II) seriously unfair to any member; and

g. Any other matter that, in the Arbitrator's view, is appropriate for decision under this Section 13.d.

(iii) Exclusions from definition. Arbitral Matters shall not include:

a. Routine business matters of the Company; and

b. Matters requiring urgent judicial relief.

(iv) Rules governing arbitration. Except as otherwise provided in this Paragraph 13(d.), any arbitration (an "Arbitration") hereunder shall be governed by the Rules of Commercial Arbitration of the American Arbitration Association ("AAA").

(v) Notice of arbitration. Any member may initiate an Arbitration of any Arbitral Matter. The initiating member shall do so by providing written notice of the Arbitration to the other members. The notice shall bear a current date, shall state the name of the initiating member and shall fully state the matter to be arbitrated.

(vi) Selection of arbitrator. If, within 10 business days after all the members entitled to notice of an Arbitration have received that notice, the members have not agreed among themselves as to the identity of the Arbitrator and the site of the Arbitration, the Company shall immediately refer these matters for resolution by AAA.

(vii) No appeal, etc. No member shall appeal any order of an Arbitrator under this Article 13.d. to any court. The Company or any member may enter any such order in any court of competent jurisdiction.

(viii) Allocations of costs, fees, etc. The Arbitrator may allocate among the members the costs, fees and other expenses relating to an Arbitration in any manner that the Arbitrator shall determine to be appropriate in his absolute discretion; provided, that if the Arbitrator determines that a member has initiated an Arbitration without a reasonable basis for doing so, the Arbitrator shall assess against that member all costs of the Company and the other members relating to the Arbitration, including, without limitation, the reasonable attorneys' fees of the Company and the other members.

(ix) Awarding of litigation costs to prevailing party. If, in a suit in law or equity, any member or members seek judicial review of any issue arising in an arbitration under this Article 13.d., an Arbitrator may allocate to the losing parties in that suit all costs reasonably incurred by the prevailing parties. This Agreement and the rights of the parties hereunder shall be governed by the laws of the State of West Virginia.

e. Counterparts. This Agreement may be executed in any number of separate counterparts, all of which taken together shall be deemed one original instrument notwithstanding that all parties are not signatory to the same counterpart.

f. Headings. The headings used in this Agreement are used solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect.

g. Entire Agreement. This Agreement contains the entire agreement among the Members with respect to the subject matter hereof.

h. Severability. In the event any part of this Agreement is found to be void, the remaining provisions hereof shall nevertheless be binding with the same effect as though the void parts were deleted.

[Signature page follows this page.]

IN WITNESS WHEREOF, this Agreement has been executed by each of the parties set forth below as of the day and year first above written.

MANAGERS:

JEFFREY B. ISNER

EZRA R. SCHOOLCRAFT

MEMBERS:

PATRICK C. GRANEY, III

W. MARSTON BECKER

STEVE WEHRLE

TOM GRAFF

J. THOMAS LANE

HANSARLYN PARTNERS, LP

Its: _____

PINEY LAND COMPANY

Its: _____

JEFFREY B. ISNER

HADIC, LLC

ITS: _____

COMPANY:

IN WITNESS WHEREOF, this Agreement has been executed by each of the parties set forth below as of the day and year first above written.

MANAGERS:

JEFFREY B. ISNER

EZRA R. SCHOOLCRAFT

MEMBERS:

PATRICK C. GRANEY, III

W. MARSTON BECKER

STEVE WEHRLE

TOM GRAFF

J. THOMAS LANE

HANSARLYN PARTNERS, LP

Its: _____

PINEY LAND COMPANY

Its: _____

JEFFREY B. ISNER

HADIC, LLC

ITS: _____

COMPANY:

EZRA R. SCHOOLCRAFT

W. MARSTON BECKER

STEVE WEHRLE

TOM GRAFF

_____

J. THOMAS LANE

HANSARLYN PARTNERS, LP

Its: _____

PINEY LAND COMPANY

Its: _____

JEFFREY B. ISNER

HADIC, LLC

ITS: _____

COMPANY:

SYCAMORE MIDSTREAM LLC

By: _____

—

Jeffrey B. Isner, Manager

IN WITNESS WHEREOF, this Agreement has been executed by each of the parties set forth below as of the day and year first above written.

MANAGERS:

JEFFREY B. ISNER

EZRA R. SCHOOLCRAFT

MEMBERS:

PATRICK C. GRANEY, III

W. MARSTON BECKER

STEVE WEHRLE

TOM GRAFF

J. THOMAS LANE

HANSARLYN PARTNERS, LP

Its: _____

PINEY LAND COMPANY

Its: _____

JEFFREY B. ISNER

HADIC, LLC

ITS: _____

COMPANY:

Exhibit B

Joinder Agreement

The undersigned is executing and delivering this Joinder Agreement pursuant to the Operating Agreement for SYCAMORE MIDSTREAM LLC, dated as of April ____, 2019, as may be amended from time to time (the "Operating Agreement"), by and among the Members, the Manager and the Company. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Operating Agreement.

The undersigned agrees that he, she, or it shall be a holder of that number of Units as set forth on Exhibit A to the Operating Agreement. [Furthermore, the undersigned agrees that he, she or it shall be a Member.] By executing and delivering this Joinder Agreement to the Company, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the terms and provisions of the Operating Agreement, as a holder of ____ Units [and as a Member] with all the rights and obligations attendant thereto.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of the 16th day of MAY, 2019.

Name: Tom Graff

Address for Notices:

108 Graff Lane

Charleston, WV 25304

With copies to:

N/A

Signature: [signature]

Date: 5/16/19

IN WITNESS WHEREOF, this Agreement has been executed by each of the parties set forth below as of the day and year first above written.

MANAGERS:

JEFFREY B. ISNER

EZRA R. SCHOOLCRAFT

MEMBERS:

PATRICK C. GRANEY, III

W. MARSTON BECKER

STEVE WEHRLE

TOM GRAFF

J. THOMAS LANE

C C Christman II

HANSARLYN PARTNERS, LP

Its: General Partner

PINEY LAND COMPANY

Its: _____

JEFFREY B. ISNER

HADIC, LLC

ITS: _____

COMPANY:

EZRA R. SCHOOLCRAFT

W. MARSTON BECKER

STEVE WEHRLE

TOM GRAFF

_____

J. THOMAS LANE

HANSARLYN PARTNERS, LP

Its: _____

PINEY LAND COMPANY

Its: Executive Vice-President

JEFFREY B. ISNER

HADIC, LLC

ITS: _____

COMPANY:

SYCAMORE MIDSTREAM LLC

By: _____

Jeffrey B. Isner, Manager

SYCAMORE MIDSTREAM LLC

By: _____

Ezra R Schoolcraft, Manager

Exhibit A

Schedule of Members, Contributions and Units

Initial Ownership

Name	Unit Allocation	Initial Ownership
Pat Graney	$500,000.00	17.3%
Steve Wehrle	$500,000.00	17.3%
Hansarlyn Partners, LP	$500,000.00	17.3%
Piney Land Company	$200,000.00	6.9%
W. Marston Becker	$500,000.00	17.3%
Tom Graff	$200,000.00	6.9%
J. Thomas Lane	$200,000.00	6.9%
Jeffrey Isner	$4,000,000.00	5%
HADIC, LLC	$4,000,000.00	5%

Ownership after removal of endorsements by P. Graney, S. Wehrle, Hansarlyn Partners, LP, Tom Graff, J Thomas Lane, Piney Land Company and W. Marston Becker

Name	Unit Allocation	Ownership after removal of indicated endorsements
Pat Graney	0	14.4%
Steve Wehrle	0	14.4%
Hansarlyn Partners, LP	0	5.8%
Piney Land Company	0	14.4%
W. Marston Becker	0	14.4%
Tom Graff	0	5.8%
J. Thomas Lane	0	5.8%
Jeffrey Isner	$4,000,000.00	12.5%
HADIC, LLC	$4,000,000.00	12.5%

Exhibit B

Joinder Agreement

The undersigned is executing and delivering this Joinder Agreement pursuant to the Operating Agreement for SYCAMORE MIDSTREAM LLC, dated as of April ____, 2019, as may be amended from time to time (the "Operating Agreement"), by and among the Members, the Manager and the Company. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Operating Agreement.

The undersigned agrees that he, she, or it shall be a holder of that number of Units as set forth on Exhibit A to the Operating Agreement. [Furthermore, the undersigned agrees that he, she or it shall be a Member.] By executing and delivering this Joinder Agreement to the Company, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the terms and provisions of the Operating Agreement, as a holder of ____ Units [and as a Member] with all the rights and obligations attendant thereto.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of the ___ day of _____, 20_____.

Name:_____

Address for Notices:

_____

_____

_____

_____

With copies to:

_____

_____

_____

_____

Signature:_____

Date:_____

Exhibit C

Addresses for Notice

To the Company:

Sycamore Midstream LLC
412 Tennessee Avenue
Charleston, West Virginia 25302

To Isner:

Jeffrey B. Isner
412 Tennessee Avenue
Charleston, West Virginia 25302

To HADIC, LLC:

HADIC, LLC
Ezra R. Schoolcraft
412 Tennessee Avenue
Charleston, West Virginia 25302

To P. Graney:

Patrick C. Graney, III
412 Tennessee Avenue
Charleston, West Virginia 25302

To Becker:

W. Marston Becker
232 Locha Drive
Jupiter, Florida 33458

To Hansarlyn Partners, LP

Hansarlyn Partners, LP
C. Lynch Christian, III
Post Office Box 638
Lynchburg, Virginia 24505

To Piney Land Company:

Piney Land Company
130 Main Street

Beckley, West Virginia 25801

To Wehrle:

Steve Wehrle
1310 North Ocean Boulevard
Gulf Stream, Florida 33483

To Graff:

Tom Graff
108 Graff Lane
Charleston, West Virginia 25304

To Lane:

J. Thomas Lane
111 Wild Turkey Run
Charleston, West Virginia 25304