

IN THE SUPREME COURT OF APPEALS OF WEST VIRGINIA

RILEY NATURAL GAS COMPANY,

a West Virginia corporation,

Plaintiff,

Harrison County Circuit Court

Civil Action No. 16-C-287

vs.

CLOWSER PRODUCTION COMPANY, INC.,

a West Virginia corporation,

Defendant.

TO: THE HONORABLE CHIEF JUSTICE

MOTION TO REFER CASE TO THE BUSINESS COURT DIVISION

Pursuant to Rule 29.06 of the West Virginia Trial Court Rules, the Plaintiff, Riley Natural Gas Company (party), by counsel, Lori A. Dawkins, Esq., Shawn A. Morgan, Esq., and Lauren K. Turner, Esq., respectfully requests the above-styled case be referred to the Business Court Division.

In regard to additional related actions:

☒ There are no known related actions.

☐ The following related actions could be the subject of consolidation, and are

☐ now pending

or

☐ may be filed in the future. (Please list case style, number, and Court if any)

This action involves: (Please check all that apply)

☒ Breach of Contract;

☐ Sale or Purchase of Commercial Entity;

☐ Sale or Purchase of Commercial Real Estate;

☐ Sale or Purchase of Commercial Products Covered by the Uniform Commercial Code;

☒ Terms of a Commercial Lease;

☐ Commercial Non-consumer debts;

☐ Internal Affairs of a Commercial Entity;

☐ Trade Secrets and Trademark Infringement;

☐ Non-compete Agreements;

☐ Intellectual Property, Securities, Technology Disputes;

☐ Commercial Torts;

☐ Insurance Coverage Disputes in Commercial Insurance Policies;

☐ Professional Liability Claims in Connection with the Rendering of Professional Services to a Commercial Entity;

- | | |
|---|--|
| <input type="checkbox"/> Anti-trust Actions between Commercial Entities; | <input type="checkbox"/> Commercial Bank Transactions; |
| <input type="checkbox"/> Injunctive and Declaratory Relief Between Commercial Entities; | <input type="checkbox"/> Franchisees/Franchisors; |
| <input type="checkbox"/> Liability of Shareholders, Directors, Officers, Partners, etc.; | <input type="checkbox"/> Internet, Electronic Commerce and Biotechnology |
| <input type="checkbox"/> Mergers, Consolidations, Sale of Assets, Issuance of Debt, Equity and Like Interest; | <input checked="" type="checkbox"/> Disputes involving Commercial Entities; or |
| <input type="checkbox"/> Shareholders Derivative Claims; | <input type="checkbox"/> Other (Describe) _____ |

In support of this motion, this matter contains issues significant to businesses, and presents novel and/or complex commercial or technological issues for which specialized treatment will be helpful, as more fully described here: The principal claim in the case involves a matter of significance regarding a transaction between two business entities. Specifically, the case involves a contract between the parties, wherein Clowser Production Company, Inc. ("Clowser") agreed to sell and deliver natural gas to Riley Natural Gas Company ("Riley"), and Riley agreed to purchase and receive said natural gas. Riley alleges breach of contract by Clowser, and seeks declaratory and monetary relief.

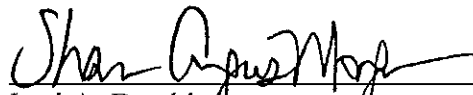
In further support of this Motion, please find attached hereto an accurate copy of the operative complaint(s), the operative answer(s), the docket sheet, and the following other documents: N/A

In regard to expedited review, the Movant:

- ☐ DOES NOT request an expedited review under W.Va. Trial Court Rule 29.06(a)(4), and gives notice that all affected parties may file a memorandum stating their position, in accordance with W.Va. Trial Court Rule 29.
- ☒ hereby REQUESTS that the Chief Justice grant this Motion to Refer without responses, pursuant to W.Va. Trial Court Rule 29.06(a)(4), and contends that the following constitutes good cause to do so: The dispute to be tried involves complex issues relating to a commercial transaction in the oil and gas industry, and specialized treatment by a court with specialized knowledge of the subject matter and familiarity with the specific law and/or legal principles relating to commercial oil and gas contracts will certainly improve the expectation of a fair and reasonable resolution of the controversy. The claims do not involve any of the claims specified in West Virginia Trial Court Rule 29.04(a)(3). Furthermore, the Plaintiff consents to and requests this referral.

WHEREFORE, the undersigned hereby MOVES, pursuant to W.Va. Trial Court Rule 29, the Chief Justice of the West Virginia Supreme Court of Appeals to refer this case to the Business Court Division.

Respectfully submitted, this 3rd day of August, 2016,



Lori A. Dawkins (WV State Bar #6880)
600 17th Street, Suite 1950 S
Denver, CO 80202
(303) 389-4300

STEPTOE & JOHNSON PLLC
Of Counsel

Shawn A. Morgan (WV State Bar #6640)
Lauren K. Turner (WV State Bar #11942)
400 White Oaks Boulevard
Bridgeport, WV 26330
(304) 933-8000

CERTIFICATE OF SERVICE

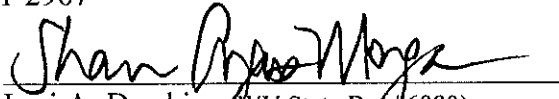
I, Shawn A. Morgan, do hereby certify that on this 3rd day of August, 2016, I have served the foregoing "Motion to Refer Case to Business Court Division," with attachments by either hand delivery or first class mail to:

Clowser Production Company, Inc.
c/o John S. Clowser
805 Charlie Brown Hollow
Salem, WV 26426

Donald L. Kopp, II, Clerk
Circuit Court of Harrison County
Harrison County Courthouse
301 West Main Street
Clarksburg, WV 26301

Business Court Division Central Office
Berkeley County Judicial Center
380 West South Street, Suite 2100
Martinsburg, WV 25401

The Honorable Judge Thomas A. Bedell
Harrison County Courthouse
301 West Main Street
Clarksburg, WV 26301-2967


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CASE NO. 16-C-287

OPENED 8/02/2016

JUDGE... JUDGE THOMAS A. BEDELL

PLAINTIFF. RILEY NATURAL GAS COMPANY, A WEST VIRGINIA CORPORATION
VS DEFENDANT. CLOUSER PRODUCTION COMPANY, INC.

PRO ATTY.. SHAWN A. MORGAN
DEF ATTY..

PAGE# DATE MEMORANDUM.....

00001 8/02/16 CCIS, Riley Natural Gas Co Verified Complaint for Breach of
00002 8/02/16 Contract and Declaratory and Monetary Relief, Summons thru
00003 8/02/16 SOS w/30 day return. clg

IN THE CIRCUIT COURT OF HARRISON COUNTY, WEST VIRGINIA

**RILEY NATURAL GAS COMPANY,
a West Virginia corporation;**

Plaintiff,

v.

Civil Action No. 16-C-_____

16-C-287-2

**CLOWSER PRODUCTION COMPANY, INC.,
a West Virginia corporation;**

Defendant.

**RILEY NATURAL GAS COMPANY'S VERIFIED COMPLAINT FOR BREACH OF
CONTRACT AND DECLARATORY AND MONETARY RELIEF**

Riley Natural Gas Company ("RNG"), by and through counsel, hereby files this Verified Complaint for Breach of Contract and Declaratory and Monetary Relief against Clowser Production Company, Inc. ("Clowser"), and states as follows:

Nature of Action

1. This action relates to the breach of a contract for the purchase and sale of natural gas and breach of contractual commitments pertaining to the reimbursement of charges for firm transportation acquired by RNG on behalf of Clowser to facilitate the purchase and sale of Clowser's natural gas.

2. RNG seeks a declaratory judgment from this Court declaring that Clowser, as part of its agreement with RNG for the purchase, sale and marketing of its natural gas, is contractually liable and responsible to RNG for all costs, charges, surcharges, deductions, and fees for firm transportation capacity on Dominion Transmission, Inc.'s ("DTI") Appalachia Gateway Pipeline Expansion Project ("DTI Gateway") incurred by RNG on behalf of Clowser

irrespective of whether RNG, on behalf of Clowser, uses DTI Gateway capacity because of Clowser's failure to tender its gas to RNG.

3. RNG seeks monetary relief for damages it has or will suffer as a result of Clowser's failure to comply with its contractual obligations.

Parties

4. RNG is a West Virginia corporation with its principal place of business located at 120 Genesis Boulevard, Bridgeport, West Virginia 26330.

5. Defendant Clowser Production Company, Inc. is a West Virginia corporation with its principal place of business located at 805 Charlie Brown Hollow, Salem, West Virginia 26426, and its mailing address for service of process as c/o John S. Clowser, 805 Charlie Brown Hollow, Salem, West Virginia 26426.

Jurisdiction and Venue

6. Jurisdiction and venue are proper.

7. This declaratory judgment proceeding is instituted pursuant to the provisions of Rule 57 of the West Virginia Rules of Civil Procedure and the West Virginia Declaratory Judgment Act, West Virginia Code Section 55-13-1 et seq.

Facts

8. RNG is engaged in the business of buying, selling, and marketing natural gas, including on behalf of natural gas producing companies like Clowser. RNG is not a producer of natural gas.

9. Clowser is engaged in the business of natural gas production.

10. In order for produced natural gas to be successfully purchased, marketed and sold, in this case a service Clowser contracted with RNG to provide, requires that the

producer, here Clowser, bear the cost of transporting their natural gas on pipelines on a firm or interruptible basis to desired physical points located on pipeline systems. Producers, like Clowser, as is the case here, contracted with RNG to acquire firm pipeline transportation capacity, on its behalf, on DTI Gateway at a monthly cost and obligation, in order for the producers' gas to be received and transported by DTI.

11. DTI Gateway was designed to help meet the demand for natural gas in the Mid-Atlantic and Northeastern United States by constructing additional firm pipeline transportation capacity on DTI Gateway to transport natural gas to homes, businesses, industries, and power plants throughout the eastern United States.

12. Before constructing a pipeline or expanding an existing one, pipeline companies such as DTI rely on contractual commitments (called precedent agreements) between the pipeline company and its shippers of natural gas, in this case RNG on behalf of Clowser, which contain commitments from shippers to pay monthly charges, surcharges, deductions and fees to DTI ("DTI Gateway Charges") to financially support DTI's incurrence of millions of dollars of construction costs to construct the additional firm pipeline transportation capacity. In exchange, DTI commits to reserve firm capacity or space (firm transportation capacity) in the pipeline ready at all times for the shipper to call upon to use when needed; again, in this case for RNG's use on behalf of Clowser.

13. DTI conducted an open season that started on April 1, 2008, and ended on April 25, 2008, to seek commitments in the form of precedent agreements from shippers to reserve firm transportation capacity on DTI Gateway, and to pay the DTI Gateway Charges over a fixed term of years for the reserved firm transportation capacity to be constructed.

14. RNG and DTI subsequently entered into a precedent agreement in which RNG, on behalf of Clowser, purchased firm transportation capacity on DTI Gateway, with the actual implementation of the firm transportation service (the "in-service date" of the pipeline facilities) to begin upon completion of the DTI Gateway facilities.

15. As an integral part of the DTI open season process and as a pre-requisite to RNG committing to purchase firm transportation capacity on DTI on Clowser's behalf, Clowser agreed to reimburse RNG for the DTI Gateway Charges RNG would pay to DTI for the DTI Gateway firm transportation capacity for 10 years that was to facilitate RNG's ability to purchase, market and sell Clowser's natural gas on a firm basis on the DTI Gateway facilities. This agreement between Clowser and RNG is memorialized in an agreement dated August 1, 2008 ("Agreement"), a copy of which is attached hereto as "Exhibit 1."

16. Without the agreements and commitments by Clowser, RNG would not have acquired DTI Gateway firm transportation capacity on behalf of Clowser; and, without such firm capacity, Clowser understood and knew that RNG, on Clowser's behalf, may not be able to sell Clowser's gas into the DTI Gateway system, which would have jeopardized Clowser's revenue earnings capabilities from such gas sales.

The Agreement

17. The primary purpose of the Agreement was to facilitate the purchase, sale, and marketing by RNG of Clowser's natural gas at physical points into DTI Gateway ("Delivery Point(s)") up to and requiring a firm transportation quantity on DTI Gateway specified in the Agreement of August 1, 2008 as 450 dth/day for 10 years. See Exhibit 1, at Exhibit A.

18. Clowser's commitment was subsequently reduced to 442 dth/day, then further reduced to 365 dth/day. See Renewal Term Sheets, attached hereto as "Exhibit 2."

19. Pursuant to the Agreement, Clowser is responsible and liable to RNG for all charges of any kind, including transportation charges such as the DTI Gateway Charges, upstream or downstream of Delivery Point(s) identified in the Agreement. See Ex. 1, ¶ 2.

20. As a purchaser of DTI Gateway firm transportation capacity on behalf of Clowser to facilitate the delivery of Clowser's gas into the DTI Gateway Delivery Point(s), RNG agreed to pay DTI Gateway Charges on behalf of Clowser.

21. Pursuant to its agreement with DTI, and given the nature of firm transportation capacity on pipelines and the charges therefore, as described above, RNG is responsible and liable to DTI for the DTI Gateway Charges on behalf of Clowser irrespective of whether Clowser tenders natural gas to RNG for purchase and sale at the Delivery Point(s) under the Agreement.

22. Correspondingly, pursuant to the Agreement, Clowser is responsible and liable to RNG, and agreed to reimburse RNG, for all DTI Gateway Charges incurred by RNG on behalf of Clowser. See Ex. 1, ¶ 2; Ex. 1 at Exhibit B.

23. Moreover, Clowser is responsible and liable to RNG, and agrees to reimburse RNG, for DTI Gateway Charges irrespective of whether Clowser actually tenders natural gas to RNG for purchase and sale at the Delivery Point(s) pursuant to the Agreement. Id.

Count I – Breach of Contract

24. The Agreement is governed by the Uniform Commercial Code. See W. Va. Code § 46-2-107(1).

25. The Agreement contains all essential terms, including the parties to the Agreement, the subject matter of the Agreement, terms for determining the price of the natural gas to be purchased, the fees for marketing and selling the natural gas, the agreed upon volumes

for firm transportation on DTI Gateway to facilitate the purchase and sale of the natural gas, the duration of the Agreement, and for the reimbursement by Clowser to RNG of DTI Gateway Charges.

26. The Agreement provides a reasonably certain basis for granting an appropriate remedy for breach. See W. Va. Code § 46-2-204(3).

27. Although Clowser has tendered natural gas to RNG for purchase and sale at the Delivery Point(s) pursuant to the Agreement, Clowser has wrongfully refused to reimburse RNG for all DTI Gateway Charges incurred by RNG on behalf of Clowser.

28. Clowser is legally obligated to pay and is legally liable to RNG for the DTI Gateway Charges. Section 2 of the Agreement clearly sets forth this obligation:

All charges of any kind upstream of the Delivery Point(s) including without limitation any gathering and extraction charges or deductions for retainage, fuel or shrink. In addition, charges downstream of Delivery Point(s) shall be borne as follows:

(a) for any Delivery Point(s) not into DTI's Appalachia Gateway Project facilities, [RNG] shall be responsible and liable for payment of all charges that are downstream of such Delivery Point(s); and

(b) for any additional Delivery Point(s) into DTI's Appalachia Gateway Project facilities, the terms set forth on Exhibit B, "ADDITIONAL TERMS FOR ANY DELIVERY POINT(S) INTO DTI'S APPALACHIA GATEWAY PROJECT FACILITIES" shall also apply.

Ex. 1, ¶ 2.

29. Exhibit B referenced in above Section 2 of the Agreement further states that Clowser shall pay and be liable to RNG for the DTI Gateway Charges listed in detail:

(a) the cost and fees for all FT [firm transportation] reserved from DTI by [RNG] for [Clowser's] Firm Quantity for the ten (10) year period; (b) all other charges or deductions of any kind whatsoever including without limitation commodity fees, retainage, fuel and shrink assessed by DTI; and (c) the Management Fee set forth in the Term Sheet that shall compensate [RNG] for its management of assets including without limitation the management of

nominations and the meeting of DTI's credit requirements by [RNG.]

Ex. 1 at Ex. B, ¶ ii.

30. RNG has invoiced Clowser for DTI Gateway Charges incurred by RNG on behalf of Clowser.

31. Clowser has wrongfully refused to reimburse RNG for DTI Gateway Charges incurred by RNG on behalf of Clowser as required by the Agreement.

32. Clowser's wrongful refusal to reimburse RNG for DTI Gateway Charges incurred by RNG on behalf of Clowser constitutes a breach of the Agreement, which provides in relevant part:

In no event whatsoever shall [Clowser] be relieved from its obligations to make payments to [RNG] for all FT [RNG] has reserved for any or all of [Clowser's] Firm Quantity irrespective of the cause or contingency of such losses and any such failure to make payments shall be a breach under this Agreement.

Ex. 1 at Ex. B ¶ iii; see also Ex. 1, ¶ 2; Ex. 1 at Ex. A.

33. RNG has incurred substantial expenses resulting from Clowser's failure to comply with the Agreement.

Count II – Declaratory Relief

34. RNG re-alleges and incorporates by reference all of the allegations of paragraphs 1 through 33 of this Verified Complaint.

35. Under the Agreement, Clowser is contractually liable and responsible to, and required to reimburse, RNG for all DTI Gateway Charges for firm transportation capacity on DTI Gateway incurred by RNG on behalf of Clowser irrespective of whether RNG, on behalf of Clowser, uses DTI Gateway capacity because of Clowser's failure to tender its natural gas to RNG.

Count III – Monetary Relief

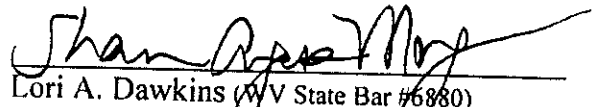
36. RNG re-alleges and incorporates by reference all of the allegations of paragraphs 1 through 35 of this Verified Complaint.

37. RNG has incurred substantial expenses resulting from Clowser's failure to reimburse RNG for DTI Gateway Charges incurred by RNG on behalf of Clowser as required by the Agreement.

38. RNG is entitled to recover from Clowser all costs incurred as a result of Clowser's breach of contractual obligations.

WHEREFORE, Plaintiff Riley Natural Gas Company prays that this Court enter an order granting the following relief:

- A. A declaration that Clowser is contractually obligated to reimburse RNG for DTI Gateway Charges incurred by RNG on behalf of Clowser;
- B. Damages for all losses incurred by RNG from Clowser's breach of contractual agreements, including pre-judgment and post-judgment interest, attorneys' fees and costs associated with Clowser's breach of contractual obligations; and
- C. Such other relief as this Court may deem just and appropriate.


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Denver, CO 80202
(303) 389-4300

STEPTOE & JOHNSON PLLC
Of Counsel

Shawn A. Morgan (WV State Bar #6640)
Lauren K. Turner (WV State Bar #11942)
400 White Oaks Boulevard
Bridgeport, WV 26330
(304) 933-8000

VERIFICATION

STATE OF WEST VIRGINIA

COUNTY OF HARRISON, TO-WIT:

Kathie Bonnell, being first duly sworn, states that she is employed by Riley Natural Gas Company as its Manager of Marketing, that she has read the foregoing "Verified Complaint for Breach of Contract and Declaratory and Monetary Relief" and that the information therein is true and correct to the best of her belief and knowledge.

Kathie Bonnell
Kathie Bonnell

The foregoing instrument was acknowledged before me this 2nd day of August 2016, by Kathie Bonnell.

Susan O. Grimes
Notary Public

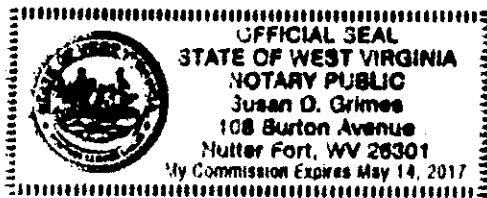


Exhibit 1



RILEY NATURAL GAS COMPANY

Clowser Production Co.
Mr. John Clowser
RR 3, Box 27A
Salem, WV 26426

August 1, 2008

This letter agreement and the Exhibits that are attached hereto and hereby incorporated herein (collectively "Agreement") evidence the agreement of Clowser Production Co. ("Seller"), and Riley Natural Gas Company ("Purchaser"), whereby Purchaser agrees to purchase and receive, and Seller agrees to sell and deliver to Purchaser, natural gas ("Gas") in accordance with the terms and conditions set forth herein and in a transaction specific term sheet ("Term Sheet") that has been executed by each party hereto, such Term Sheet to be in substantially the form set forth in Exhibit A. With respect to any particular transaction, the Agreement consists of this letter agreement and its Exhibits and the applicable executed Term Sheet.

1. Quantity

Commencing on the first day of the Primary Term as set forth in the applicable Term Sheet and daily throughout the term of this Agreement, Seller shall deliver and sell, and Purchaser shall receive and purchase, such Quantity of Gas as set forth in the applicable Term Sheet.

2. Price

Seller and Purchaser agree to the Price at the Delivery Point(s) as set forth in the applicable Term Sheet, as such Price may be amended from time to time by mutual agreement of the parties or otherwise amended as set forth in this Agreement or the Term Sheet. Seller shall be responsible and liable for all charges of any kind upstream of the Delivery Point(s) including without limitation any gathering and extraction charges or deductions for retainage, fuel or shrink. In addition, charges downstream of any Delivery Point(s) shall be borne as follows:

(a) for any Delivery Point(s) not into DII's Appalachia Gateway Project facilities, Purchaser shall be responsible and liable for payment of all charges that are downstream of such Delivery Point(s); and

(b) for any Delivery Point(s) into DII's Appalachia Gateway Project facilities, the terms set forth on Exhibit B, "ADDITIONAL TERMS FOR ANY DELIVERY POINT(S) INTO DII'S APPALACHIA GATEWAY PROJECT FACILITIES" shall also apply.

Purchaser reserves the right to make periodic price adjustments to correct for payment differentials attributed to significant fluctuations in estimated versus actual production. These adjustments will be made in an effort to make each Gas payment to the Seller applicable to the month during which the Gas was actually sold; provided, however, that Purchaser shall not be liable for any failure to achieve this goal. Purchaser will attempt to absorb variances of up to ten percent (10%) of the most recent actual production number. However, Seller recognizes and agrees that Purchaser cannot incur losses attributed to production variation.

3. Term

The Primary Term of this Agreement shall be as set forth in the Term Sheet, and shall thereafter continue in effect from month to month unless terminated by either party by written notice to the other party at least thirty (30) calendar days prior to the expiration of the Primary Term or any extension thereof or as otherwise set forth in this Agreement. The parties recognize that sale and deliveries of Seller's Gas hereunder will be dependent on volumes accepted by various buyers that purchase Gas from Purchaser during any particular month. Accordingly, it is agreed that Purchaser shall have the right to determine in its sole discretion at various times during this Agreement that a price revision is necessary for the sale of such Gas to remain competitive in the market. If Purchaser shall so determine, Purchaser shall promptly provide Seller telephonic notice of the revised Price which Purchaser believes is required to meet the existing market condition and Purchaser shall provide written notice to Seller no later than five (5) calendar days after such telephonic notice. Not later than five (5) calendar days after Seller's receipt of Purchaser's written notice, Seller shall notify Purchaser in writing that Seller accepts Purchaser's revised Price or Seller requests that this Agreement be terminated and if so requested, such termination shall be effective on the last day of the third calendar month following the month that Purchaser received Seller's written notice; provided, however, the revised Price shall be applicable to all deliveries made to the Delivery Point(s) after the date of Seller's notice of its request to terminate until its effective date of termination and in the event Purchaser further revises such Price prior to such effective date of termination, the parties shall utilize the procedures as set forth in this Paragraph for any such further Price revisions. Notwithstanding anything to the contrary, in the event that Seller fails to provide to Purchaser timely written notice of either Seller's acceptance of such revised Price or Seller's request to terminate, Seller shall be deemed to have accepted such revised Price and Seller shall not be able to request this Agreement be terminated.

4. Delivery Point(s)

The point of sale and Delivery Point(s) shall be the Meter(s) as set forth in the applicable Term Sheet. Title to the Gas shall pass to and vest in Purchaser at the point of sale. As between the parties hereto, Seller shall be deemed to be in exclusive control and possession of Seller's Gas and shall be responsible for and indemnify Purchaser with respect to any losses, injuries, claims, liabilities or damages caused thereby until the same shall have been delivered to Purchaser at the point of sale and Delivery Point(s) referenced in this Paragraph 4, after which Delivery Point(s) Purchaser shall be deemed to be in exclusive control and possession thereof and shall be responsible for and indemnify Seller with respect to any losses, injuries, claims, liabilities or damages caused thereby.

5. Quality, Measurement, and Transportation

Seller and Purchaser acknowledge and agree that third party pipelines ("Pipeline Transporter(s)") are utilized by Purchaser and that each Pipeline Transporter(s)'s rules, guidelines and policies, as may be changed from time to time, shall define and set forth, among other things, the units of measurement, measurement specifications, quality, heating value, testing specifications, required delivery pressure and specifications of Seller's Gas to be delivered to Purchaser pursuant hereto. All such definitions, specifications, procedures and terms and all other terms and provisions of each Pipeline's Transporter(s) related to the delivery of Gas are hereby expressly incorporated herein by reference, and this Agreement shall be subject thereto.

6. Billing and Payment

Purchaser shall submit to Seller, a statement showing the amount of Seller's Gas delivered at each Delivery Point(s) as confirmed by Pipeline Transporter(s) and including any adjustments made by Pipeline Transporter(s) and any known Imbalance Charges or any other amounts or payments owed by Seller to Purchaser. Such statement together with a check in the amount due will be rendered ten (10) calendar days after receipt of Pipeline Transporter(s) Gas Measurement detail statement or the fifteenth (15th) day of the month, whichever is later. Notwithstanding anything herein to the contrary, Purchaser may in its discretion and without notice to Seller and at any time, aggregate and/or set-off any amounts or payments owed by Seller to Purchaser for any reason including without limitation Imbalance Charges or Other Contract losses (as defined in this Agreement) against any amounts payable to Seller under this Agreement or any other agreement or arrangement between the parties or against any collateral or margin held by Purchaser for Seller; provided, however, if at any time any amounts or payments owed to Purchaser by Seller including without limitation any Imbalance Charges or Other Contract losses are unascertained, then Purchaser may in good faith estimate such and use such good faith estimate in Purchaser's aggregate and/or set-off.

7. Fixed Price Contracts

Sellers not delivering into DII's Appalachian Gateway Project facilities will not be eligible to enter into fixed price contracts due to possible curtailment of Seller's monthly volumes by DII.

Seller may request to enter into fixed price contracts ("Fixed Price Contracts") for a portion of Seller's monthly volumes. At the same time and in reliance upon Seller's commitment to enter into said Fixed Price Contracts Purchaser may enter into an offsetting contract with third parties for the same volumes and period ("Other Contracts"). In the event Purchaser enters into Other Contracts and if for any reason whatsoever whether through fault of Seller or otherwise the volume requirements in such Other Contracts are not satisfied, and as a result the Purchaser suffers any loss under the Other Contracts including costs to buy or secure replacement Gas then Seller shall remit to Purchaser payment for such losses or Purchaser in its sole discretion may deduct or set-off any such losses from any amounts owed to Seller as set forth in Paragraph 6. Notwithstanding any provisions of this Agreement including Paragraph 9 to the contrary, in no event whatsoever shall Seller be relieved from its obligations to make payments for any of the aforementioned losses under the Other Contracts irrespective of the cause or contingency of such losses and any such failure to make payments shall be a breach under this Agreement.

8. Warranty of Title

Seller warrants generally its title to all Gas delivered by it, and further represents that it has the right to sell the same, and that such Gas is free from liens and adverse claims of every kind. Seller shall pay or cause to be paid all taxes and other sums due on the gathering and handling of the Gas delivered by Seller. Seller shall indemnify and save Purchaser harmless from and against all suits, actions, damages, costs and expenses arising from or out of any breach of this Paragraph.

9. Force Majeure

Except as otherwise set forth in this Agreement, in case either party to this Agreement fails to perform any obligation hereunder assumed by it and such failure is caused by acts of God or a public enemy, strikes, riots, injunctions or other interference through legal proceedings, earthquakes, storms, or the compliance with any statute, either State or Federal, or with any order of the Federal Government or any branch thereof, or of the Government of the State wherein the subject premises are situated, such failure shall not be deemed to be a violation by such party of its obligations hereunder. The party claiming such suspension shall give timely notice to the other and shall use due diligence to again put itself in position to carry out all of the obligations which it has assumed by the terms of this Agreement. Notwithstanding the foregoing, any of the aforementioned causes or contingencies affecting the performance hereunder of a party hereto, however, shall in no event relieve said party of liability to make any payments due hereunder or shall not relieve said party of liability in the event of its concurrent negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch.

10. Assignment

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective representatives, successors, and assigns; but this Agreement and the right to and obligations hereunder shall not be assignable by either party hereto to any other person without the written consent of the other party. Such consent shall not be unreasonably withheld or delayed.

11. Governing Law

This Agreement shall be governed by the laws of the State of West Virginia.

12. Imbalances

If Purchaser incurs any fees, penalties, costs, charges, or losses (in cash or in kind) for failure to satisfy balance or nomination requirements ("Imbalance Charges") then Seller shall be liable for and remit to Purchaser such Imbalance Charges or Purchaser in its sole discretion may deduct or set-off any such Imbalance Charges from any amounts or payments owed to Purchaser as set forth in Paragraph 6. Notwithstanding anything in this Agreement to the contrary including Paragraph 9, in no event shall Seller be relieved from its obligations to make payments for Imbalance Charges irrespective of the cause or contingency of Seller's failure to perform and any such failure to make payments shall be a breach under this Agreement.

13. Notices

Any statement, payment or bill provided for in this Agreement shall be in writing and shall be considered as duly delivered when mailed to the other party at the address noted below and shall be considered duly received five calendar days after the date of such delivery. Any notice, request, demand or pricing change, as referenced in Paragraph 3 above, or any notice which a party may desire to give to the other may be communicated by telephone but shall be followed up in writing no later than five calendar days after such telephonic notice

Seller:

Clowser Production Co.
Attn: Mr. John Clowser
RR 3, Box 27A
Salem, WV 26426

Purchaser:

Riley Natural Gas Company
Attention: Tina R. Smith, Vice President
P. O. Box 450
Bridgeport, WV 26330
Telephone: (304) 842-8930
Facsimile: (304) 842-8936

14. Default; Limitation on Liability

Either party will be in default under this Agreement if it (i) makes an assignment or any general arrangement for the benefit of creditors; (ii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it and such proceeding remains undismissed for thirty (30) days; (iii) otherwise becomes bankrupt or insolvent (however evidenced); (iv) is unable to pay its debts as they fall due; (v) fails to pay or perform, when due, any obligation to the other party, whether under this Agreement or any other contract between the parties, if such failure is not remedied on or before the third business day after notice of such failure is given to the party who is default; (vi) fails to give adequate security for or assurance of its ability to perform its further obligations under this Agreement within forty-eight (48) hours of a reasonable request by the other party; or (vii) fails to deliver any volumes of Gas which it is obligated to deliver to the other party and such failure is not remedied within a 48-hour period. If a party is in default, then the non-defaulting party shall have, in addition to any and all other remedies available hereunder or pursuant to law, the right to withhold payment and/or to liquidate any or all contracts (including any forward contract or portion of a forward contract, Fixed Price Contract, or other contract not yet fully delivered) then outstanding at any time or from time to time thereafter by (a) closing out each such contract transaction being liquidated at its market value so that each such transaction is cancelled and a settlement payment in an amount equal to the difference between such market value and the contract value of such transaction shall be due to the Purchaser under the transaction if such market value exceeds the contract value and to the Seller if the contract value exceeds the market value; and (b) discounting each amount then due under subsection (a) above to present value in a commercially reasonable manner as of the time of liquidation to take into account the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant transaction with such rate of interest used in calculating net present value to be determined by the performing party in a commercially reasonable manner. If Seller is in default, Purchaser may set-off or aggregate as set forth in Paragraph 6 hereof. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, IN NO EVENT WILL EITHER PARTY BE LIABLE UNDER THIS AGREEMENT, WHETHER IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES.

AUG-28-2008 08:54AM FROM-RILEY NATURAL GAS

3048428938

T-221 P 005/008 F-583

If the foregoing correctly reflects our agreement and understanding, please so signify by executing in the space provided below.

Yours truly,

Tina R. Smith
Vice President

ACCEPTED AND AGREED to this 28th day of August, 2008.

Clowser Production Co.

Name: John Clowser

Title: President

EXHIBIT A
TERM SHEET

Date: August 1, 2008
Seller: Clowser
Purchaser: Riley Natural Gas Company
Primary Term: 10 years [In Service Date Estimated November 2011 through November 2021]
Pricing Term:
Delivery Point(s): Dominion Transmission
Meter #'s: 3529201 3566201 4012101 4366201 4378101 2091801 4376101 2092201
4371001 4327201 3131501 4008101 3407701 3592301 4381201

Price:

Quantity (in Dth/Month):

For any Delivery Point(s) into DTP's Appalachia Gateway Project Facilities:

Requested Firm Quantity: Seller commits to deliver on a firm basis for ten years with respect to DTP's transmission facilities that are part of DTP's Appalachia Gateway Project Facilities the following monthly volumes in dth/day (net of gathering and processing, if applicable): 450 [transaction specific]

Management Fee: Purchaser shall charge Seller the following management fee per each dth of FT that Purchaser is able to reserve for Seller: \$.08/dth.

Other terms and conditions:

1. The conditions of this Term Sheet are binding unless disputed within (3) business days.
2. All terms and conditions of the Agreement dated August 1, 2008 between Seller and Purchaser including any exhibits attached thereto.

APPROVED AND AGREED to as a Term Sheet to the Agreement dated August 1, 2008 between Seller and Purchaser.

Seller:

Clowser

Signature

Name: John Clowser
Title: President
Date: August-28-08

Purchaser:

Riley Natural Gas Company,

Signature

Name: Tina R. Smith

Title: Vice President

Date: 9/11/08

EXHIBIT B

PARAGRAPH 2(b), CONTINUED
ADDITIONAL TERMS FOR ANY DELIVERY POINT(S)
INTO DTI'S APPALCHIA GATEWAY PROJECT FACILITIES

The following additional terms apply to any Delivery Point(s) into DTI's Appalachia Gateway Project facilities and are incorporated into Paragraph 2(b):

DTI transmission facilities: With respect to any DTI transmission facilities that are part of the Appalachia Gateway Project facilities and are downstream of the Delivery Point(s), DTI has indicated that it shall offer firm capacity for ten (10) years ("FT") on such transmission facilities beginning on or about November 1, 2011 and, in the event DTI offers such FT, and notwithstanding any provisions of this Agreement to the contrary, including specifically by way of illustration and not limitation the contents of Paragraphs 3 and 8, Seller and Purchaser agree as follows:

- i. Purchaser shall use commercially reasonable efforts to attempt to obtain FT on Seller's behalf for the Firm Quantity set forth and committed and agreed to by Seller in the applicable Term Sheet;
- ii. Seller shall pay and be liable to Purchaser for: (a) the cost and fees for all FT reserved from DTI by Purchaser for Seller's Firm Quantity for the ten (10) year period; (b) all other charges or deductions of any kind whatsoever including without limitation commodity fees, retainage, fuel and shrink assessed by DTI; and (c) the Management Fee set forth in the Term Sheet that shall compensate Purchaser for its management of assets including without limitation the management of nominations and the meeting of DTI's credit requirements by Purchaser;
- iii. In no event whatsoever shall Seller be relieved from its obligations to make payments to Purchaser for all FT Purchaser has reserved for any or all of Seller's Firm Quantity irrespective of the cause or contingency of such losses and any such failure to make payments shall be a breach under this Agreement;
- iv. If Purchaser has reserved FT for any or all of Seller's Firm Quantity and Purchaser provides to Seller telephonic notice of the revised Price which Purchaser believes is required to meet the existing market condition and written notice no later than five (5) calendar days after such telephonic notice then such revised Price shall be effective not later than five (5) calendar days after Seller's receipt of such written notice and in no event shall Seller be able to request and/or terminate this Agreement because of such revised Price;
- v. Purchaser shall not be liable to Seller, and Seller shall not make any claim against Purchaser, in the event that Purchaser is unable to obtain FT for any or all of Seller's Firm Quantity or Seller is unable to flow or produce any, all or a portion of Seller's Firm Quantity for which Purchaser has obtained FT for any reason whatsoever including without limitation pipeline pressures;
- vi. In the event Purchaser has obtained and reserved FT for Seller's Firm Quantity and Seller desires to decrease or eliminate, or have Purchaser release directly to Seller, the FT so reserved, then Seller may provide written notice ("Written Notice") to Purchaser specifying its desired decrease, elimination or release to Seller such FT;

- vii. Upon receipt of a Written Notice from Seller requesting a decrease or elimination of the FT reserved by Purchaser for any of Seller's Firm Quantity, Purchaser shall use commercially reasonable efforts to release such FT amounts to another customer of Purchaser that is delivering Gas to a Delivery Point(s) into DII transmission facilities that are part of the Appalachia Gateway Project facilities; provided however, any such release shall be in compliance with all laws, rules, orders or regulations; provided, further, Seller acknowledges and agrees that in the event Purchaser receives a substantially similar Written Notice from any such other customer for which Purchaser has obtained and reserved FT on DII transmission facilities that are part of the Appalachia Gateway Project, Purchaser shall prioritize and address all such Written Notices including Seller's in the order of receipt by Purchaser of any such Written Notice. By way of example and not limitation, Purchaser shall first use its commercially reasonable efforts with respect to the Written Notice that is first received by Purchaser. Notwithstanding anything in this Agreement to the contrary and regardless of a Written Notice to Purchaser by Seller or regardless of Seller's actual production volumes including without limitation whether Seller is producing at a reduced rate or is not producing at all, Seller shall not be relieved of and shall continue to be liable and responsible for payments to Purchaser for all FT reserved by Purchaser for all of Seller's Firm Quantity unless and until a third party enters into a written agreement in terms and conditions substantially similar to this Agreement for all FT reserved by Purchaser for any or all of Seller's Firm Quantity; and
- viii. Upon receipt of a Written Notice from Seller requesting that Purchaser release directly to Seller FT reserved by Purchaser for any or all of Seller's Firm Quantity, Purchaser shall notify DII and, in the event that (a) DII approves and allows the release by Purchaser directly to Seller of the FT so reserved; (b) Seller qualifies as a customer of DII; and (c) DII and Seller release Purchaser of any and all obligations and liabilities for all FT so reserved, then Purchaser shall release all FT so reserved to Seller and Seller shall be solely liable and responsible to DII for all such FT; provided, however, notwithstanding anything to the contrary, in the event that any of the conditions set forth in (a), (b) or (c) of this subparagraph is not met or does not occur, Purchaser shall not release to Seller the FT so reserved during the term of the FT.

Exhibit 2



RILEY NATURAL GAS COMPANY

X Renewal

Term Sheet for Gas Purchase Agreement:

Date: August 8, 2008
Seller: Clowser Production Company
Buyer: Riley Natural Gas Company
Primary Term: November 1, 2008 through October 31, 2009
Delivery Point: Into Dominion Transmission
Meter #'s: 2091801 2092201 3529201 3566201 3592301 4012101 4327201 4366201
4371001 4376101 4378101 3017701 3407701 3131501 4381201 4008101
Price: 98% Dominion Index
Quantity: Estimated 4,165 Dt/Month

Conditions: The conditions of the Term Sheet are binding unless disputed within (3) business days

Riley Natural Gas Company reserves the right to make periodic price adjustments to correct for payment differentials attributed to significant fluctuations in estimated versus actual production. These adjustments will assure that gas payment to the Seller is applicable to the month during which the gas was actually sold. Purchaser will attempt to absorb variances of up to 10% of the most recent actual production number. However, Seller recognizes that Purchaser cannot incur losses attributed to production variation.

APPROVED AND AGREED to as the Term Sheet to the Agreement dated January 16, 2001 between Clowser Production Company and Riley Natural Gas Company.

Seller:
Clowser Production Company

John Clowser
Signature

Name: John Clowser
Title: President
Date: 12-12-08

Purchaser:
Riley Natural Gas Company

Tina R. Smith
Signature

Name: Tina R. Smith
Title: Vice President
Date: 12/15/08



EXHIBIT A
TERM SHEET

Date: August 1, 2008
Seller: Clowser
Purchaser: Riley Natural Gas Company
Primary Term: 10 years [In Service Date Estimated November 2011 through November 2021]
Pricing Term:
Delivery Point(s): Dominion Transmission
Meter #'s: 3529201 3566201 4012101 4366201 4378101 2091801 4376101 2092201
4371001 4327201 3131501 4008101 3407701 3592301 4381201

Price:

Quantity (in Dth/Month):

For any Delivery Point(s) into DTT's Appalachia Gateway Project Facilities:

Requested Firm Quantity: Seller commits to deliver on a firm basis for ten years with respect to DTT's transmission facilities that are part of DTT's Appalachia Gateway Project Facilities the following monthly volumes in dth/day (net of gathering and processing, if applicable): 450 [transaction specific]

Management Fee: Purchaser shall charge Seller the following management fee per each dth of FT that Purchaser is able to reserve for Seller: \$.08/dth.

Other terms and conditions:

1. The conditions of this Term Sheet are binding unless disputed within (3) business days.
2. All terms and conditions of the Agreement dated August 1, 2008 between Seller and Purchaser including any exhibits attached thereto.

APPROVED AND AGREED to as a Term Sheet to the Agreement dated August 1, 2008 between Seller and Purchaser.

Seller:

Clowser

Signature

Name: John Clowser
Title: President
Date: August-28-08

Purchaser:

Riley Natural Gas Company,

Signature

Name: Tina R. Smith

Title: Vice President

Date: 9/11/08

**RILEY NATURAL GAS COMPANY**

Contract #1803

Term Sheet for Gas Purchase Agreement:

Date: Sep 15, 2009
Seller: CLOUSER PRODUCTION COMPANY
Buyer: Riley Natural Gas
Primary Term: Nov 01, 2009 through Oct 31, 2010
Delivery Point: Into Dominion
Meter #'s: 2091801, 2092201, 3131501, 3407701, 3529201, 3566201, 3592301, 4008101, 4012101, 4327201, 4366201, 4371001, 4376101, 4378101, 4381201
Price: Index Related, IF FOM, Dominion Trans-Appalachia, 98.00% of Index + \$0.0000
Quantity: Estimated 3,575 Dt/Month
Conditions: The conditions of the Term Sheet are binding unless disputed within (3) business days.

Riley Natural Gas Company reserves the right to make periodic price adjustments to correct for payment differentials attributed to significant fluctuations in estimated versus actual production. These adjustments will assure that gas payments to the seller is applicable to the month during which the gas was actually sold. Purchaser will attempt to absorb variances of up to 10% of the most recent actual production number. However, Seller recognizes that Purchaser cannot incur losses attributed to production variation.

APPROVED AND AGREED to as the Term Sheet to the Agreement dated Aug 01, 2008 between CLOUSER PRODUCTION COMPANY and Riley Natural Gas

Seller:

CLOUSER PRODUCTION COMPANY

Signature

Name: John Clouser

Title: President

Date: 12-12-12

Purchaser:

Riley Natural Gas

Signature

Name: Tina R. Smith

Title: Vice President

Date: 1/12/12

Office Use Only:	
Received	Approved: [Signature]
Database Entered: []	Date: 1/12/12
Database Approved: []	

EXHIBIT A
REVISED TERM SHEET

Date: October 27, 2008
Seller: CLOUSER WELL SERVICE
Purchaser: Riley Natural Gas Company
Primary Term: 10 years [In Service Date Estimated November 2011 through November 2021]
Pricing Term:
Delivery Point(s): Dominion Transmission _____
Meter #'s:
Price:
Quantity (in Dth/Month):
For any Delivery Point(s) into DTI's Appalachia Gateway Project Facilities:

Requested Firm Quantity: Seller commits to deliver on a firm basis for ten years with respect to DTI's transmission facilities that are part of DTI's Appalachia Gateway Project Facilities the following monthly volumes in dth/day (net of gathering and processing, if applicable): 442 [transaction specific]

Management Fee: Purchaser shall charge Seller the following management fee per each dth of FT that Purchaser is able to reserve for Seller: \$.08/dth.

Other terms and conditions:

1. The conditions of this Term Sheet are binding unless disputed within (3) business days.
2. All terms and conditions of the Agreement dated August 1, 2008 between Seller and Purchaser including any exhibits attached thereto.

APPROVED AND AGREED to as a Term Sheet to the Agreement dated August 1, 2008 between Seller and Purchaser.

Seller:
CLOUSER WELL SERVICE
Clouser Well
Signature

Name: John Clouser
Title: President
Date: Nov 7, 2008

Purchaser:
Riley Natural Gas Company
Tina R. Smith
Signature

Name: Tina R. Smith
Title: Vice President
Date: 11/7/08



RILEY NATURAL GAS COMPANY

Contract # 1803

X Renewal

Term Sheet for Gas Purchase Agreement:

Date: Aug 17, 2010
Seller: CLOUSER PRODUCTION COMPANY
Buyer: Riley Natural Gas
Primary Term: Nov 01, 2010 through Oct 31, 2011 ✓
Delivery Point: Into Dominion ✓
Meter #'s 2091801, 2092201, 3131501, 3407701, 3529201, 3566201, 3592301, 4008101, 4012101, 4327201, 4366201, 4371001, 4376101, 4378101, 4381201
Price: 3,000 Dt/Month ✓
Quantity: Estimated 98% Dominion Index ✓
Conditions: The conditions of the Term Sheet are binding unless disputed within (3) business days.

Riley Natural Gas Company reserves the right to make periodic price adjustments to correct for payment differentials attributed to significant fluctuations in estimated versus actual production. These adjustments will assure that gas payments to the seller is applicable to the month during which the gas was actually sold. Purchaser will attempt to absorb variances of up to 10% of the most recent actual production number. However, Seller recognizes that Purchaser cannot incur losses attributed to production variation.

APPROVED AND AGREED to as the Term Sheet to the Agreement dated Aug 01, 2008 between CLOUSER PRODUCTION COMPANY and Riley Natural Gas

Seller:

CLOUSER PRODUCTION COMPANY

Signature

Name:

Title:

Date:

Purchaser:

Riley Natural Gas

Signature

Name: Tina R. Smith

Title: Vice President

Date:

LOCKED



RILEY NATURAL GAS COMPANY

Contract # 1803

X Renewal

Term Sheet for Gas Purchase Agreement:

Date: Sep 30, 2011
Seller: CLOWSER PRODUCTION COMPANY
Buyer: Riley Natural Gas
Primary Term: Nov 01, 2011 through Oct 31, 2012
Delivery Point: Into Dominion
Meter #'s 2091801, 2092201, 3131501, 3407701, 3529201, 3566201, 3592301, 4008101, 4012101, 4327201, 4366201 4371001, 4376101, 4378101, 4381201, 3717001
Price: 98% Dominion Index
Quantity: Estimated 4,450 Dt/Month
Conditions: The conditions of the Term Sheet are binding unless disputed within (3) business days.

Riley Natural Gas Company reserves the right to make periodic price adjustments to correct for payment differentials attributed to significant fluctuations in estimated versus actual production. These adjustments will assure that gas payments to the seller is applicable to the month during which the gas was actually sold. Purchaser will attempt to absorb variances of up to 10% of the most recent actual production number. However, Seller recognizes that Purchaser cannot incur losses attributed to production variation

APPROVED AND AGREED to as the Term Sheet to the Agreement dated Aug 01, 2008 between CLOWSER PRODUCTION COMPANY and Riley Natural Gas

Seller:

CLOWSER PRODUCTION COMPANY

Signature

Purchaser:

Riley Natural Gas

Signature

Name: John Clowser

Title: President

Date: 10-25-11

Name: Tina R. Smith

Title: Vice President

Date: 10/28/11

Received

Database Entered:

Database Approved:

Office Use Only:

Approved:

Date:

EXHIBIT A
TERM SHEET

Date: December 1, 2011
Seller: Clowser Production
Purchaser: Riley Natural Gas Company
Primary Term: 10 years [In Service Date Estimated September 2012 through September 2022]
Pricing Term:
Delivery Point(s): Dominion Transmission
Meter #'s: 2091801 2092201 3131501 3407701 3529201 3566201 3592301 4008101
4012101 4327201 4366201 4371001 4376101 4378101 4381201
Price: \$0.59/dt

Quantity (in Dth/Month):

For any Delivery Point(s) into DTI's Appalachia Gateway Project Facilities:

Requested Firm Quantity: Seller commits to deliver on a firm basis for ten years with respect to DTI's transmission facilities that are part of DTI's Appalachia Gateway Project Facilities the following monthly volumes in dth/day (net of gathering and processing, if applicable): 365 [transaction specific]

Management Fee: Purchaser shall charge Seller the following management fee per each dth of FT that Purchaser is able to reserve for Seller: \$.08/dth.

Other terms and conditions:

1. The conditions of this Term Sheet are binding unless disputed within (3) business days.
2. All terms and conditions of the Agreement dated August 1, 2008 between Seller and Purchaser including any exhibits attached thereto.

APPROVED AND AGREED to as a Term Sheet to the Agreement dated August 1, 2008 between Seller and Purchaser.

Seller:
Clowser Production

Signature

Name: John Clowser
Title: President
Date: 12-12-11

Purchaser:
Riley Natural Gas Company

Signature

Name: Tina R. Smith
Title: Vice President
Date: 1/3/12



RILEY NATURAL GAS COMPANY

Contract # 1803

X Revised

Term Sheet for Gas Purchase Agreement:

Date: Aug 08, 2012
Seller: CLOUSER PRODUCTION COMPANY
Buyer: Riley Natural Gas
Primary Term: Sep 01, 2012 through Aug 31, 2013
Delivery Point: Into Dominion
Meter #'s 2091801, 2092201, 3131501, 3407701, 3529201, 3566201, 3592301, 4008101, 4012101, 4327201, 4366201, 4371001, 4376101, 4378101, 4381201, 3717001
Price: A) 98% Dominion Index ✓
B) Less Dominion Appalachian Gateway Fees - Effective in Service Date (Sep 2012 - Sep 2022)
✓ \$0.495/dt Gateway Fee, \$0.08/dt Management Fee - 365 dt/day (Exhibit A)
Quantity: Estimated 4,040 Dt/Month ✓

Conditions: The conditions of the Term Sheet are binding unless disputed within (3) business days.

Riley Natural Gas Company reserves the right to make periodic price adjustments to correct for payment differentials attributed to significant fluctuations in estimated versus actual production. These adjustments will assure that gas payments to the seller is applicable to the month during which the gas was actually sold. Purchaser will attempt to absorb variances of up to 10% of the most recent actual production number. However, Seller recognizes that Purchaser cannot incur losses attributed to production variation.

APPROVED AND AGREED to as the Term Sheet to the Agreement dated Aug 01, 2008 between CLOUSER . PRODUCTION COMPANY and Riley Natural Gas

Seller:

CLOUSER PRODUCTION COMPANY

Signature

Name:

Title:

Date:

Purchaser:

Riley Natural Gas

Signature

Name: Tina R. Smith

Title: Vice President

Date:

Received

Database Entered:

Database Approved:

Office Use Only:

Approved:

Date:

AUG 14 2012

EXHIBIT A
TERM SHEET

Date: August 8, 2012
Seller: Clowser Production
Purchaser: Riley Natural Gas Company
Primary Term: 10 years [In Service Date Estimated September 2012 through September 2022]
Delivery Point(s): Dominion Transmission
Meter #'s: 2091801 2092201 3131501 3407701 3529201 3566201 3592301 4008101
4012101 4327201 4366201 4371001 4376101 4378101 4381201 3717001
FT Rate: \$0.495/dt ✓

For any Delivery Point(s) into DTI's Appalachia Gateway Project Facilities:

Firm Quantity: Seller commits to deliver on a firm basis for ten years with respect to DTI's transmission facilities that are part of DTI's Appalachia Gateway Project Facilities the following monthly volumes in dth/day (net of gathering and processing, if applicable):
✓ 365 [transaction specific]

Management Fee: Purchaser shall charge Seller the following management fee per each dth of FT that Purchaser is able to reserve for Seller: \$0.08/dth. ✓

Other terms and conditions:

1. The conditions of this Term Sheet are binding unless disputed within (3) business days.
2. All terms and conditions of the Agreement dated August 1, 2008 between Seller and Purchaser including any exhibits attached thereto.

APPROVED AND AGREED to as a Term Sheet to the Agreement dated August 1, 2008 between Seller and Purchaser.

Seller:

Clowser Production

Signature

Name:

Title:

Date:

Purchaser:

Riley Natural Gas Company

Signature

Name: Tina R. Smith

Title: Vice President

Date:



RILEY NATURAL GAS COMPANY

Contract # 180:

X Renewa

Term Sheet for Gas Purchase Agreement:

Date: Jul 15, 2013
Seller: CLOUSER PRODUCTION COMPANY
Buyer: Riley Natural Gas
Primary Term: Sep 01, 2013 through Aug 31, 2014 ✓
Delivery Point: Into Dominion ✓
Meter #'s 2091801, 2092201, 3131501, 3407701, 3529201, 3566201, 3592301, 4008101, 4012101, 4327201, 4366201 4371001, 4376101, 4378101, 4381201, 3717001
Price: A) 98% Dominion Index ✓
B) Less Dominion Appalachian Gateway Fees – Effective In Service Date (Sep 2012 – Sep 2022)
✓ \$.495/dt Gateway Fee, \$0.08/dt Management Fee, less any additional summary of incremental transportation rates charged by pipeline - 365 dt/day (Exhibit A)
Quantity: Estimated 4,930 Dt/Month ✓
Conditions: The conditions of the Term Sheet are binding unless disputed within (3) business days.

Riley Natural Gas Company reserves the right to make periodic price adjustments to correct for payment differentials attributed to significant fluctuations in estimated versus actual production. These adjustments will assure that gas payments to the seller is applicable to the month during which the gas was actually sold. Purchaser will attempt to absorb variances of up to 10% of the most recent actual production number. However, Seller recognizes that Purchaser cannot incur losses attributed to production variation.

APPROVED AND AGREED to as the Term Sheet to the Agreement dated Aug 01, 2008 between CLOUSER PRODUCTION COMPANY and Riley Natural Gas

Seller:
CLOUSER PRODUCTION COMPANY

John Clouser
Signature

Name: John Clouser
Title: President
Date: 9-24-13

Purchaser:

Riley Natural Gas

Tina R. Smith
Signature

Name: Tina R. Smith

Title: Vice President

Date: 10/8/13

Received _____

Database Entered: 46

Database Approved:

Office Use Only:

Approved: 103 AS

Date: _____



RILEY NATURAL GAS COMPANY

Contract # 1

X Renew

Term Sheet for Gas Purchase Agreement:

Date: Jun 16, 2014
Seller: CLOWSER PRODUCTION COMPANY
Buyer: Riley Natural Gas
Primary Term: Sep 01, 2014 through Aug 31, 2016
Delivery Point: Into Dominion
Meter #'s 2091801, 2092201, 3131501, 3407701, 3529201, 3566201, 3592301, 4008101, 4012101, 4327201, 4366201, 4371001, 4376101, 4378101, 4381201, 3717001
Price: A) 98% Dominion Index
B) Less Dominion Appalachian Gateway Fees - Effective In Service Date (Sep 2012 - Sep 2022) \$.495/dt Gateway Fee, \$0.08/dt Management Fee, less any additional summary of incremental transportation rates charged by pipeline - 365 dt/day (Exhibit A)
Quantity: Estimated 3,120 Dt/Month
Conditions: The conditions of the Term Sheet are binding unless disputed within (3) business days.

Riley Natural Gas Company reserves the right to make periodic price adjustments to correct for payment differentials attributed to significant fluctuations in estimated versus actual production. These adjustments will assure that gas payments to the seller is applicable to the month during which the gas was actually sold. Purchaser will attempt to absorb variances of up to 10% of the most recent actual production number. However, Seller recognizes that Purchaser cannot incur losses attributed to production variation.

APPROVED AND AGREED to as the Term Sheet to the Agreement dated Aug 01, 2008 between CLOWSER PRODUCTION COMPANY and Riley Natural Gas

Seller:
CLOWSER PRODUCTION COMPANY

Purchaser:
Riley Natural Gas

Signature _____

Signature _____

Name: _____

Name: Tina R. Smith

Title: _____

Title: Vice President

Date: _____

Date: _____

Received _____

Office Use Only:

Database Entered: ☐

Approved: 153 57

Database Approved: ☐

Date: 6/12/14



STEPTOE &
JOHNSON
PLLC
ATTORNEYS AT LAW

400 White Oaks Boulevard
Bridgeport, WV 26330
(304) 933-8000 (304) 933-8183 Fax
www.steptoeljohnson.com

Writer's Contact Information
(304) 933-8119
Shawn.Morgan@steptoeljohnson.com

August 3, 2016

Donald L. Kopp, II, Clerk
Circuit Court of Harrison County
Harrison County Courthouse
301 West Main Street
Clarksburg, West Virginia 26301

Re: Riley Natural Gas Company
v. Clowser Production Company, Inc.
Civil Action No. 16-C-287

Dear Mr. Kopp:

Enclosed for filing is the original "Motion to Refer Case to the Business Court Division," and "Certificate of Service," which I request be marked "filed" and placed in the appropriate court file.

Thank you for your assistance. Please do not hesitate to contact me if you have any questions.

Very truly yours,



Shawn A. Morgan, Esq.

SAM/sg
Enclosure

cc: John S. Clowser
Business Court Division Central Office ✓
Honorable Thomas A. Bedell, Circuit Judge
Rory L. Perry II, Clerk



STEPTOE &
JOHNSON
P L L C
ATTORNEYS AT LAW

400 White Oaks Boulevard
Bridgeport, WV 26330
(304) 933-8000 (304) 933-8183 Fax
www.steptoeljohnson.com

Writer's Contact Information
(304) 933-8119
Shawn.Morgan@steptoeljohnson.com

August 3, 2016

Rory L. Perry II, Clerk
Office of the Clerk
Supreme Court of Appeals of West Virginia
State Capitol, Room E-317
Charleston, WV 25305

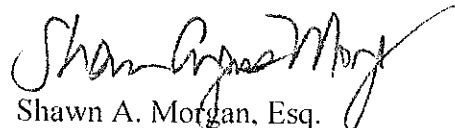
Re: Riley Natural Gas Company
v. Clowser Production Company, Inc.
Civil Action No. 16-C-287

Dear Mr. Perry:

Enclosed for filing is a "Motion to Refer Case to the Business Court Division," and "Certificate of Service," which I request be marked "filed" and placed in the appropriate court file.

Thank you for your assistance. Please do not hesitate to contact me if you have any questions.

Very truly yours,



Shawn A. Morgan, Esq.

SAM/sg
Enclosure

cc: John S. Clowser
Business Court Division Central Office ✓
Honorable Thomas A. Bedell, Circuit Judge
Donald L. Kopp, II, Clerk

7250057.1