

FILED
IN THE SUPREME COURT OF APPEALS OF WEST VIRGINIA
2018 MAY 23 PM 3:41
CATHY S. GATSON, CLERK
KANAWHA COUNTY CIRCUIT COURT

FILED
2018 MAY 18 A 10:19
CATHY S. GATSON, CLERK
KANAWHA COUNTY CIRCUIT COURT

SHONK LAND COMPANY LLC,

Plaintiff,

v.

CABOT OIL & GAS CORPORATION, and
CARBON WEST VIRGINIA COMPANY LLC,

Defendants.

Kanawha County Circuit Court
Civil Action No. 18-C-193
Hon. Tod J. Kaufman

TO: THE HONORABLE CHIEF JUSTICE

JOINT MOTION TO REFER CASE TO THE BUSINESS COURT DIVISION

Pursuant to Rule 29.06 of the West Virginia Trial Court Rules, Plaintiff Shonk Land Company LLC ("Shonk"), Defendant Cabot Oil & Gas Corporation ("Cabot"), and Defendant Carbon West Virginia ("Carbon West Virginia") (together, the "Parties"), by counsel, and the Circuit Court of Kanawha County and ("the Court"), jointly request that the above-styled case be referred to the Business Court Division. In support of their motion, the Parties and the Court state as follows:

1. This case involves a dispute between Plaintiff Shonk and Defendants Cabot and Carbon West Virginia arising under an Agreement of Lease dated May 20, 1930, as subsequently amended and ratified, commonly known as the "Larner Lease." The Larner Lease governs natural gas extraction on sixteen thousand acres of property owned by Shonk in Kanawha and Boone Counties.

2. Among other claims, the Complaint raises the fundamental issues of whether Cabot validly assigned the Larner Lease to Carbon West Virginia and whether Shonk was justified in withholding its consent to the assignment. Resolution of these issues involves the financial position and ownership structure of all three parties, each of which has a different

capital structure. Market conditions and industry customs related to lease assignments are also relevant to the issues presented. The specialized knowledge and experience of the judges assigned to the Business Court Division are likely to improve the likelihood of a fair and reasonable resolution of these issues.

3. This case will also require a determination as to whether royalty payments made pursuant the Larner Lease have been correctly calculated. The Parties and the Court agree that the subject matter expertise offered by the Business Court is likely to improve the expectation of a fair and reasonable resolution of this issue.

4. In further support of this motion, please find attached hereto copies of the Complaint, Answers, Motion for Preliminary Injunction, and the Docket Sheet.

5. While there are no related actions currently pending, the Larner Lease has been the subject of a prior action in Boone County Circuit Court Civil Action No. 07-C-174.

6. In order to obtain a referral to the Business Court Division, the proceedings must involve "Business Litigation," a term defined by Trial Court Rule 29.04(a) as one or more pending actions in which:

(1) the principal claim or claims involve matters of significance to the transactions, operations, or governance between business entities; and

(2) the dispute presents commercial and/or technology issues in which specialized treatment is likely to improve the expectation of a fair and reasonable resolution of the controversy because of the need for specialized knowledge or expertise in the subject matter or familiarity with some specific law or legal principles that may be applicable; and

(3) the principal claim or claims do not involve: consumer litigation, such as products liability, personal injury, wrongful death, consumer class actions, actions arising under the West Virginia Consumer Credit Act and consumer insurance coverage disputes; non-commercial insurance disputes relating to bad faith, or disputes in which an individual may be covered under a commercial policy, but is involved in the dispute in an individual capacity; employee suits; consumer environmental actions; consumer malpractice actions; consumer and residential real estate, such as landlord-tenant disputes; domestic relations; criminal cases;

eminent domain or condemnation; and administrative disputes with government organizations and regulatory agencies, provided, however, that complex tax appeals are eligible to be referred to the Business Court Division.

7. Rule 29 of the West Virginia Trial Court Rules permits referral to the Business Court Division of any dispute which presents commercial and/or technology issues “in which specialized treatment is likely to improve the expectation of a fair and reasonable resolution . . . because of the need for specialized knowledge or expertise in the subject matter” W. Va. T.C.R. 29.04(a)(2).

8. In light of the specialized knowledge and subject matter expertise that would aid in resolving the issues raised by this dispute, the Parties and the Court agree that this case would immensely benefit from the specialized treatment offered by the Business Court Division, and that this case meets the criteria for referral under Rule 29.04(a) of the West Virginia Trial Court Rules.

9. Since the Court and all Parties are joining in this Motion, no reply memoranda will be filed pursuant to T.C.R. 29.06(a)(4). Thus, the Chief Justice can act on this Motion without awaiting replies from the Court or any Party.

Accordingly, the undersigned hereby move, 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.

SHONK LAND COMPANY LLC,

By Counsel



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(202) 463-2101

CABOT OIL & GAS CORPORATION

By Counsel

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Huntington, WV 25719

304-529-2391

CIRCUIT COURT OF KANAWHA COUNTY

[Signature]
Honorable Tod J. Kaufman
Kanawha County Circuit Court Judge

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA, SS
I, CATHY S. GATSON, CLERK OF THE CIRCUIT COURT OF SAID COUNTY
AND IN SAID STATE, DO HEREBY CERTIFY THAT THE FOREGOING
IS A TRUE COPY FROM THE RECORDS OF SAID COURT
GIVEN UNDER MY HAND AND SEAL OF SAID COURT THIS 18
DAY OF MAY 2018
[Signature] CLERK
CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

IN THE SUPREME COURT OF APPEALS OF WEST VIRGINIA

SHONK LAND COMPANY LLC,

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Civil Action No. 18-C-193
Hon. Tod J. Kaufman

CERTIFICATE OF SERVICE

I, Nicholas S. Johnson, do hereby certify that on the 23rd day of May, 2018, true copies of the foregoing *Joint Motion to Refer Case to the Business Court Division* was served upon counsel of record as indicate below:

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Owen A. Reynolds, Esquire
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Timothy M. Miller, Esquire (*Via U.S. Mail*)
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Jennifer J. Hicks, Esquire
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300 Summers Street, Suite 1000
Charleston, West Virginia 25301
Counsel for Cabot Oil & Gas Corporation

Honorable Tod J. Kaufman (*Via Hand Delivery*)
Kanawha County Circuit Court Judge
111 Court Street
Charleston, West Virginia 25301

Cathy S. Gatson, Clerk (*Via Hand Delivery*)
Kanawha County Circuit Court
111 Court Street
Charleston, WV 25301



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LINE	DATE	ACTION
1	02/27/18	# CASE INFO SHEET; COMPLAINT; ISSUED SUM & 4 CPYS; F FEE; RCPT
2		# 559246; \$230.00
3	03/06/18	# LET FR SS DTD 3/1/18; SUM W/RET (3/1/18 SS) AS TO CABOT OIL
4		# & GAS CORP.
5	03/06/18	# LET FR SS DTD 3/1/18; SUM W/RET (3/1/18 SS) AS TO CARBON WV
6		# COMPANY LLC
7	03/13/18	# P'S MOT FOR PRELIMIN INJ
8	03/13/18	# AFD OF THOMAS SHANNON IN SUPP OF P'S MOT FOR PRELIMIN INJ
9		# W/ATTACH'S & COS
10	03/13/18	# P'S MEMO IN SUPP OF MOT W/COS
11	03/16/18	# (2) LET'S FR SS DTD 3/14/18; SUM W/RET ON MOT, AFD & MEMO
12		# (3/14/18 SS) AS TO CARBON WV COMPANY, LLC & CABOT OIL &
13		# GAS CORP.
14	03/26/18	# NOT OF APPEARANCE W/COS
15	03/27/18	# (2) E-CERTS FR SS
16	04/02/18	# LET FR SS DTD 3/28/18; NOT OF APPEARANCE W/RET (3/28/18 SS)
17		# AS TO CARBON WV COMPANY, LLC
18	04/02/18	# ANS OF CABOT OIL & GAS CORP. W/COS
19	04/04/18	# CASE INFO SHEET; ANS OF CARBON WV COMPANY, LLC W/COS
20	04/10/18	# E-CERT FR SS AS TO CARBON WV COMPANY, LLC DTD 4/2/18
21	04/23/18	# COS AS TO P'S 1ST INTERROG'S & REQ FOR PROD TO CABOT OIL &
22		# GAS CORP.
23	04/23/18	# COS AS TO P'S 1ST INTERROG'S & REQ FOR PROD TO CARBON WV CO.
24	04/30/18	# NOT OF TELEPHONIC HRG W/COS (5/7/18 @ 2 PM)
25	05/21/18	# " O MAILED TO BAGLEY, REYNOLDS, MILLER, STONESTREET, HICKS &
26		# " JOHNSON
27	05/18/18	# JOINT MOT TO REFER CASE TO BUSINESS COURT DIVISION

IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

SHONK LAND COMPANY LLC

Plaintiff,

v.

CABOT OIL & GAS CORPORATION, and
CARBON WEST VIRGINIA COMPANY LLC,

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Civil Action No.

2018 FEB 27 P 3:22

CATHY S. GATSON, CLERK
KANAWHA COUNTY CIRCUIT COURT

18-C-193
Kaufman

VERIFIED COMPLAINT

Shonk Land Company LLC ("Shonk" or "Lessor"), Plaintiff, by counsel, Bailey & Glasser, LLP, for its Complaint against Cabot Oil & Gas Corporation ("Cabot" or "Lessee") and Carbon West Virginia Company LLC ("Carbon West Virginia"), states the following:

I. Nature of the Dispute

Shonk was forced to litigate against its Lessee, Cabot, for nearly eight (8) years, over improper royalty calculations and deductions taken under the Larner Lease (defined below), in Boone County Circuit Court Civil Action No. 07-C-174 ("Royalty Litigation"). Shonk and Cabot negotiated a settlement, effective December 31, 2015, that would resolve the disputes brought in the Royalty Litigation. As part of the settlement of the Royalty Litigation, the parties specifically negotiated a restriction on Cabot's ability to assign the Larner Lease to third-parties. The restriction on assignment was important to Shonk, because, among other reasons, it gave Shonk assurances that the gains it achieved in prosecuting and settling the Royalty Litigation would not be lost if the Larner Lease was assigned without its consent.

In 2017, Cabot assigned the Larner Lease to Carbon West Virginia, over the repeated written objections of Shonk, in violation of the restriction on assignment that Shonk had

specifically negotiated less than two years earlier. And, Shonk's reticence over the assignment has proven prescient, since within a month of gaining purported assignment of the Lease—which Shonk does not recognize as valid—Carbon West Virginia breached the royalty calculation and payment provisions of the Larner Lease. Through this case, Shonk seeks to be restored to the *status quo ante* prior to the invalid assignment, or alternatively, to have the Larner Lease terminated.

II. The Parties

1. Shonk is a West Virginia limited liability company with members domiciled in West Virginia and is the Lessor under the Larner Lease between Shonk and Cabot.

2. Cabot is a Delaware corporation with its principal place of business in Houston, Texas and is the Lessee under the Larner Lease between Shonk and Cabot.

3. Carbon West Virginia is a Delaware limited liability company. Upon information and belief, Carbon West Virginia is at least in-part owned, through intermediate subsidiaries, by Carbon Natural Gas Company, a publicly-traded Delaware Corporation trading under the symbol CRBO.

III. Jurisdiction and Venue

4. This Court has jurisdiction to hear this action under W. Va. Code § 51-2-2, which grants circuit courts original and general jurisdiction over “all matters at law where the amount in controversy, excluding interest, exceeds \$7,500” as well as “all cases in equity, including jurisdiction in equity to remove any cloud on the title to real property, or any part of a cloud, or any estate, right or interest in the real property, and to determine questions of title with respect to the real property without requiring allegations or proof of actual possession of the real property.”

5. Venue is proper in this Court since this matter involves an oil and gas lease pertaining to land located within Kanawha and Boone Counties.

IV. History of the Larner Lease

6. On May 20, 1930, Shonk executed an Agreement of Lease with Larner Gas Company ("Larner"), granting Larner certain rights to oil and gas in and under certain land, together with the exclusive right to drill for, produce and market said oil and gas underlying sixteen thousand (16,000) acres of property situated in Kanawha and Boone Counties (the "Larner Lease").

7. By court orders set out in a suit in the United States District Court for the Southern District of West Virginia arising from the receivership of Larner, all of Larner's interest in the Larner Lease was conveyed to Donald C. Shonk by deed dated February 11, 1939.

8. By deed dated April 27, 1939, Donald C. Shonk conveyed and assigned the Lessee's interest in the Larner Lease to Godfrey L. Cabot, Inc.

9. Upon information and belief, at some point thereafter, Godfrey L. Cabot, Inc. merged with other corporations to be known as Cabot Corporation, a corporation organized and existing under Delaware law.

10. By various mesne intra-company assignments and mergers, in or around 1991, Cabot Oil & Gas Corporation became the Lessee under the Larner Lease.

V. Dispute and Settlement Between Shonk and Cabot

11. In or around 2007, a dispute arose between Shonk and Cabot regarding royalty calculations and payments under the Larner Lease and another lease between Shonk and Cabot referred to as the "Williams Lease."

12. As a result, Shonk brought the Royalty Litigation against Cabot, seeking damages for Cabot's improper calculation and payment of royalties under the Larner Lease and the Williams Lease.

13. After years of litigation, on December 23, 2015, Shonk and Cabot entered into a Confidential Settlement Agreement (the "Settlement") whereby the parties agreed to a mutual release of claims in exchange for certain amendments to the Larner and Williams Leases (the "Ratification").

14. On December 31, 2015, Shonk and Cabot executed the Larner Lease Ratification. The parties negotiated a very specific royalty calculation methodology that eliminated Cabot's ability to take certain deductions and volume losses from Shonk's royalty interest. (Section 1).

15. Specifically, Section 1 of the Ratification states:

no other deductions from the royalty due Lessor are authorized or permitted for costs, expenses or other things of value incurred by Lessee or other party for exploring for, marketing or transporting the gas to market including, but not limited to, any costs of production, gathering, transportation, marketing, processing or other post-production expense of any kind.

16. Other provisions of the Ratification definitively secured Cabot's long-term liabilities for pipeline removal and plugging of uneconomic wells that Cabot had drilled on Shonk's property, as well as for providing for insurance and indemnity in favor of Shonk. (Section 4-8).

17. In order to preserve the gains it had achieved through the eight years of litigation, Shonk negotiated and Cabot agreed to Section 9 of the Ratification.

18. Section 9 states in relevant part:

Lessee shall not assign all or a portion of this Lease without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed; provided, however, that such consent shall not be required in the event of a merger, a sale of all or substantially all of Lessee's assets[.] . . . Upon receipt of a written

request from Lessor received within five (5) days of the notice of assignment and upon Lessor's execution of a confidentiality agreement produced by Lessee, Lessee shall provide to Lessor relevant non-public information in the possession of Lessee or to which Lessee has access regarding the credit-worthiness of the proposed assignee.

19. Section 9 of the Ratification was an essential provision of the Settlement because, among other reasons, Shonk wanted to ensure it would receive all benefits it had negotiated and received under the Settlement. Specifically, Shonk needed to preserve Cabot's agreements to properly calculate the royalty payment and to stand up for any future plugging and environmental liabilities.

VI. Section 9 and Shonk's Objection to Assignment

20. By letter dated July 12, 2017, Cabot informed Shonk of its intention to assign the Larner Lease to Carbon West Virginia, requested Shonk's consent to the assignment, and acknowledged that the terms of the Larner Lease require Shonk's consent prior to assignment.

21. Pursuant to Section 9, by letter dated July 19, 2017, Shonk requested relevant non-public information regarding the credit-worthiness of Carbon West Virginia Company, the proposed assignee.

22. Cabot responded to Shonk's request via email on July 20, 2017, in which Cabot provided Shonk with the publicly-available 10-Q filing of Carbon Natural Gas Company ("Carbon Natural Gas"), the purported partial-owner of the proposed assignee, Carbon West Virginia.

23. By letter dated July 31, 2017 ("Objection Letter"), Shonk declined to grant consent to the assignment due in part to the complete lack of information about the proposed assignee as well as information from the 10-Q that revealed numerous financial problems of Carbon Natural Gas that could impact its ability or willingness to prudently and safely perform its obligations

under the Larner Lease, assuming that Carbon Natural Gas—a partial owner of Carbon West Virginia—was somehow responsible for the proposed assignee’s performance under the Larner Lease.

24. In its Objection Letter, Shonk provided reasons for withholding its consent, including:

- a. The 10-Q supplied by Cabot did not describe or mention Carbon West Virginia, and thus Shonk had no information concerning the status or creditworthiness of the specific entity that would hold the Lessee’s interest under the Larner Lease.
- b. Even if the 10-Q were specific to Carbon West Virginia, neither Cabot nor Carbon had provided the relevant non-public information called for under Section 9 of the Ratification, since the publicly-available 10-Q did not meet the standard set forth in Section 9;
- c. Even so, the 10-Q filed by Carbon West Virginia’s partial owner, revealed that the partial owner was failing its own tests for financial impairment, including the ceiling test for impairment;
- d. The 10-Q further revealed the possibility that Carbon West Virginia’s parent company would fail future ceiling impairment tests,
- e. The 10-Q showed a tightly drawn credit facility, limiting Carbon West Virginia’s partial owner’s ability to access capital; and
- f. Shonk provided its assessment that Carbon Natural Gas, Carbon West Virginia’s partial owner, is a far less creditworthy entity than Cabot.

25. By letter dated August 8, 2017, Cabot requested that Shonk reconsider its request for consent, but still did not provide the relevant non-public information called for in Section 9 of the Larner Lease.

26. In response, by letter dated August 15, 2017, Shonk again declined to consent and further detailed the reasons for its objection to the assignment.

27. Later in August 2017, press releases by Cabot and Carbon Natural Gas, multiple news sources, and industry trade press reported that Cabot was selling certain legacy conventional oil and gas properties located in West Virginia, Virginia and Ohio to an affiliate of Carbon Natural Gas in a transaction that was scheduled to close on September 29, 2017.

28. In response, on or about September 22, 2017, Shonk sent Cabot a letter in advance of the September 29, 2017 closing, reiterating its objection under Section 9 of the Ratification to the proposed assignment.

29. Shonk further requested confirmation that Cabot would not create a lease default by assigning the Larner Lease to Carbon West Virginia over its objection.

30. In the face of Shonk's objection, on September 29, 2017, Cabot purported to convey to Carbon West Virginia all of its right, title and interest in the Larner Lease, effective as of April 1, 2017.

31. Having received no response for over a month to its September 22, 2017 letter, Shonk sent a follow-up letter on or about November 29, 2017 requesting that Cabot either confirm or deny that it had in fact assigned the Larner Lease to Carbon West Virginia over Shonk's objection.

32. A day later, on November 30, 2017, Shonk's attorney, Robert B. Allen, sent a letter directly to Cabot's Chairman and Chief Executive Officer in an effort to attempt to work

things out with Cabot. In the letter, Allen states, “[In] forty years of doing oil and gas deals I have never seen an instance in which parties assigned a lease . . . if the lessor/counterparty affirmatively declined to give its consent.”

33. Mr. Allen further asked for Cabot to provide the information that Shonk was requesting so that it could properly process the request to consent to assignment. And, he told the Chairman and CEO of Cabot that he “would hate for this to deteriorate into litigation, but some communication needs to occur if that is to be avoided.”

34. By letter dated December 7, 2017, Cabot responded to the November 29, 2017 Shonk letter and the November 30, 2017 Allen letter. In the December 7 letter, Cabot confirmed that it had assigned the Larner Lease to Carbon West Virginia without receiving consent from Shonk. Cabot further accused Shonk of acting unreasonably, even though all Shonk had done was to ask for the relevant, non-public information specifically called for under the Lease.

35. As part of the Cabot-Carbon West Virginia transaction, Cabot did not sell all or substantially all of its assets. In fact, in announcing the sale to Carbon West Virginia, Cabot noted that it was selling only “non-core assets,” retaining “the deep rights across this approximately 780,000 net acre position,” and “focusing” on continued drilling in its retained position in the Marcellus and Eagle Ford shale formations.

36. Shonk has not unreasonably refused consent to the proposed assignment, since it (a) failed to receive the information specifically called for under Section 9 of the Ratification and (b) expressed valid concerns about Carbon West Virginia’s creditworthiness and ability to safely and responsibly perform the Lessee’s obligations under the Lease.

VII. The Lessee Has Breached the Royalty Provision of the Lease

37. Under the terms of the Larner Lease, payment of royalties by Lessee is required on a monthly basis, due on or before the 25th day of each month for all gas produced during the month immediately preceding.

38. Shonk did not receive a royalty payment from Cabot for November 2017 production on December 25, 2017, the date on which such payment was due under the Larner Lease.

39. Shonk did not receive a royalty payment from Cabot for December 2017 production on January 25, 2018, the date on which such payment was due under the Larner Lease.

40. Starting in January 2018, Carbon West Virginia, purporting to have assumed Cabot's duties under the Larner Lease, began making royalty payments to Shonk for past due royalties under the Larner Lease.

41. By letter dated January 25, 2018,¹ Carbon West Virginia remitted a royalty payment for November 2017 production, payment for which was due on or before December 25, 2017.

42. In the same January 25, 2018 letter, Carbon West Virginia communicated to Shonk its intention to continue making late royalty payments, in violation of the terms of the Larner Lease.

43. In addition, the volumes upon which Carbon West Virginia has tendered royalty payments do not comply with the Ratification.

44. Carbon West Virginia's first months of calculating royalty payments was November 2017.

45. In January 2018, Carbon West Virginia finally submitted (albeit late) royalty statements. The volume calculations for the month of November 2017 show a 94% drop in volume

¹ The January 25, 2018 letter is erroneously dated January 25, 2017, presumably by mistake.

across 55 wells. Some of those wells showed negative volume, which only leads to the conclusion that deductions are being taken. Over the two-month period, November and December 2017, the average reported monthly production over those two months was less than half of the monthly production in October 2017.

46. There is no rational explanation for the precipitous drop in volumes in one month other than the fact that Carbon West Virginia's royalty calculations violate the Ratification's prohibition of post-production deductions for expenses and volume losses.

47. Shonk specifically asked for information regarding the royalty calculations, but both Cabot and Carbon have refused to answer with any information.

COUNT I – Breach of Lease for Assignment Without Lessor's Consent

48. Shonk incorporates the allegations in Paragraphs 1 – 47 as if fully set forth here.

49. Under Section 9 of the Ratification to the Larner Lease, Cabot is obligated to provide, upon Shonk's request, relevant non-public information regarding the credit-worthiness of any proposed assignee.

50. Cabot breached the Larner Lease by failing to provide relevant non-public information regarding the credit-worthiness of Carbon West Virginia to Shonk in response to Shonk's request.

51. Under Section 9 of the Ratification to the Larner Lease, Cabot "shall not assign all or a portion of the [Larner] Lease without the prior written consent of Lessor."

52. Cabot breached the Larner Lease by assigning all its right, title and interest in the Larner Lease to Carbon West Virginia without obtaining Shonk's consent.

53. Cabot did not sell all or substantially all of its assets in the transaction with Carbon West Virginia.

54. Shonk did not unreasonably refuse to grant its consent to the proposed assignment.

55. Cabot willfully breached its duty by assigning the Larner Lease to Carbon West Virginia over Shonk's numerous written objections to the assignment.

56. As a result of Cabot's willful breach, Shonk is now forced to take legal action to enforce its rights under the Larner Lease.

57. As a result of the foregoing, Shonk has been damaged, and hereby requests that the Court rescind the assignment to Carbon West Virginia made in violation of the Larner Lease and award Shonk its reasonable attorneys' fees and costs.

COUNT II – Breach of Lease for Non-Payment and Late Payment of Royalties

58. Shonk incorporates the allegations in Paragraphs 1 – 57 as if fully set forth here.

59. Cabot owes a duty to Shonk under the Larner Lease to make monthly royalty payments on or before the 25th day of each month for all gas produced during the month immediately preceding.

60. Cabot breached its duty to Shonk by failing to remit royalty payments for November 2017 and December 2017 production.

61. Even if Carbon West Virginia were a valid assignee, which Shonk disputes, Carbon West Virginia's late payment of royalties is a breach of the terms of the Larner Lease for which Cabot is liable.

62. Furthermore, even if Carbon West Virginia were a valid assignee, which Shonk disputes, Carbon West Virginia has repudiated the Larner Lease by communicating to Shonk its intention to continue making late royalty payments in breach of the Larner Lease.

63. As a result of the foregoing, Shonk has been damaged, and hereby requests that the Court terminate the Larner Lease due to the non-payment of royalties in accordance with its terms

and conditions, and, alternatively, to award damages in an amount to be determined by the Court for Cabot's breach of the payment obligations under the Larner Lease.

Count III – Breach of the Ratification's Royalty Calculation Methodology.

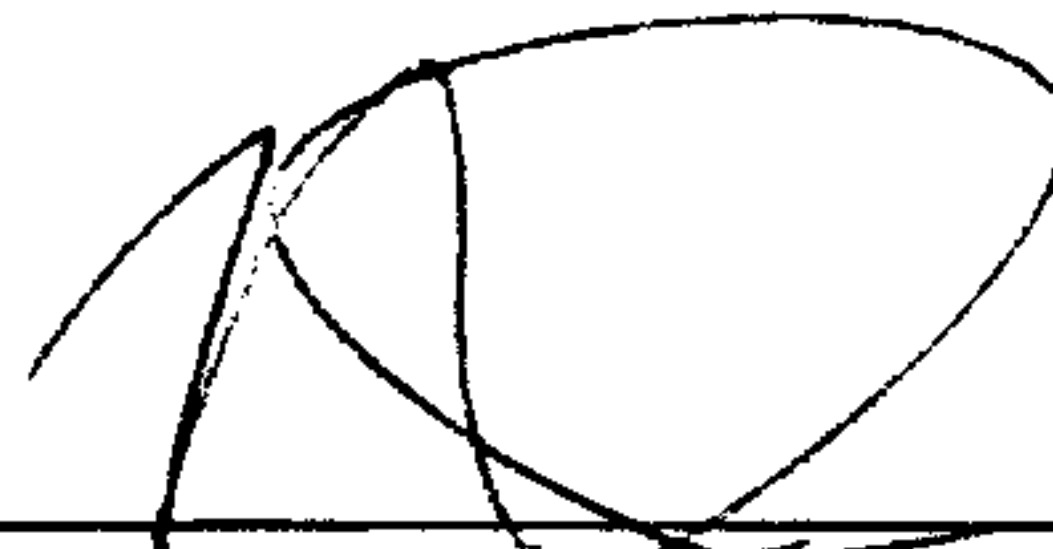
64. Shonk incorporates the allegations in Paragraphs 1-63 as if fully set forth here.
65. The Ratification specifically set forth the methodology for calculating royalty payments.
66. The Ratification prohibits post-production deductions for expenses and volume losses.
67. Cabot and Carbon West Virginia are taking post-production deductions in violation of the Ratification.
68. As a result of the foregoing, Shonk has been damaged, and hereby requests that the Court:
 - a. Order an accounting of all royalty calculations conducted since October 2017 including documentation of the deductions and/or costs taken by Carbon West Virginia;
 - b. terminate the Larner Lease due to the non-payment and miscalculation of royalties in accordance with its terms and conditions;
 - c. and, alternatively, award damages in an amount to be determined by the Court for Cabot's breach of the payment obligations under the Larner Lease.

WHEREFORE, based upon all of the foregoing, Shonk respectfully demands judgment against the Defendants declaring their rights under the Larner Lease as set forth above, rescinding Cabot's assignment of the Larner Lease to Carbon West Virginia, ordering an accounting,

terminating the Larner Lease—or, alternatively, awarding Shonk damages—for breaching the payment provisions, and awarding Shonk its reasonable attorneys' fees and costs.

SHONK LAND COMPANY LLC,

By Counsel



Nicholas S. Johnson (WVSB # 10272)

Bailey & Glasser LLP

1054 31st St, NW

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Washington, DC 20007

(202) 463-2101

IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

SHONK LAND COMPANY LLC

Plaintiff,

v.

Civil Action No. _____

**CABOT OIL & GAS CORPORATION, and
CARBON WEST VIRGINIA COMPANY LLC,**

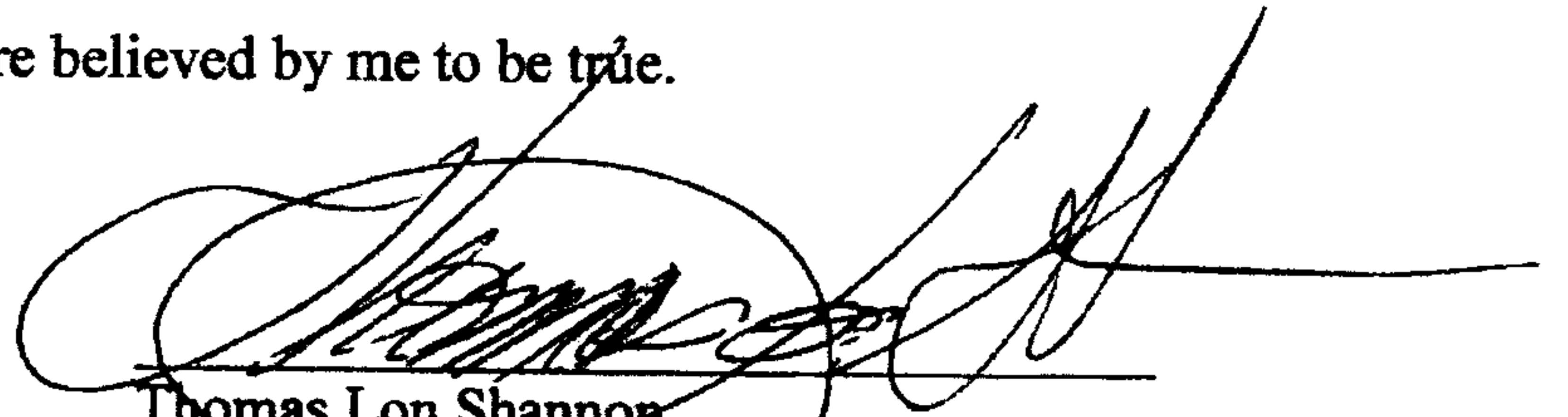
Defendants.

VERIFICATION

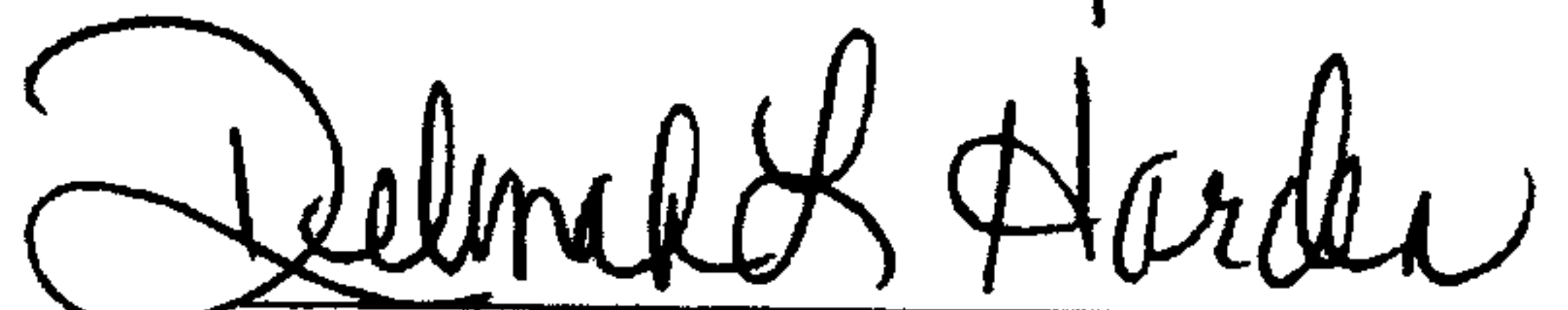
I, Thomas Lon Shannon, state that I am the Special Assistant to the Manager of Shonk Land Company LLC – Plaintiff in the above-captioned proceeding.

I have read the foregoing Verified Complaint and affirm: (i) that the factual allegations contained therein, insofar as they concern my acts are true and correct, except, that in the case of allegations based upon information and belief, I believe such allegations to be true and (ii) insofar as they relate to the acts of any other person, are believed by me to be true.

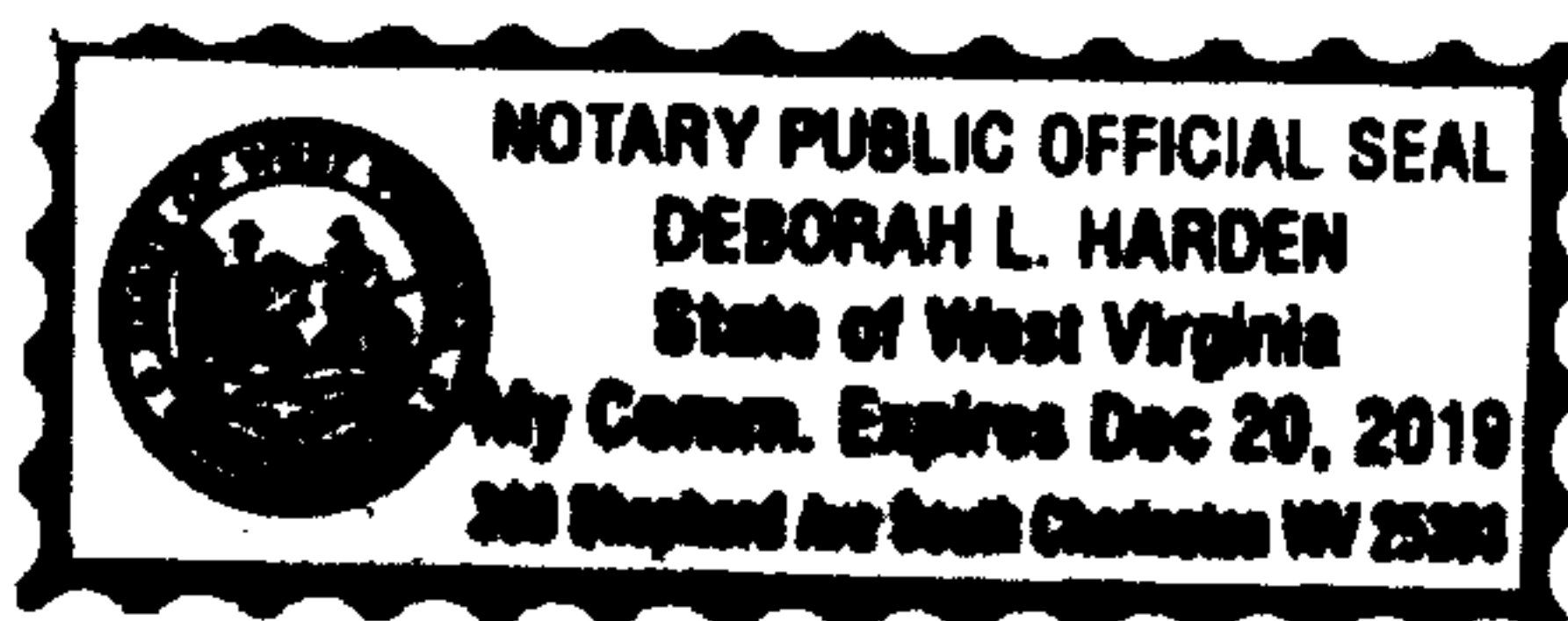
Dated: February 27, 2018


Thomas Lon Shannon
Special Assistant to the Manager
of Shonk Land Company LLC

SUBSCRIBED TO AND SWORN before me this 27th day of February, 2018.


Notary Public

My commission expires: 12/20/19



IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

FILED

SHONK LAND COMPANY LLC

Plaintiff,

v.

2018 MAR 13 P 3:50

CATHY L. SHANNON, CLERK
KANAWHA COUNTY CIRCUIT COURT

Civil Action No. 18-C-193

CABOT OIL & GAS CORPORATION, and
CARBON WEST VIRGINIA COMPANY LLC,

Defendants.

Plaintiff's Motion for Preliminary Injunction

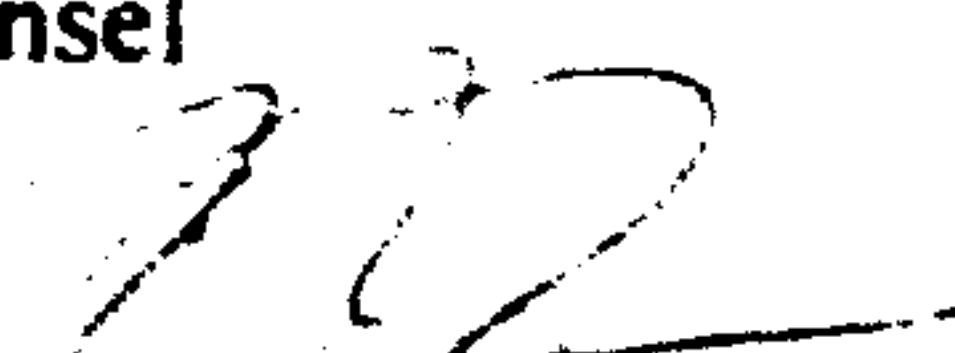
NOW COMES Plaintiff Shonk Land Company LLC ("Shonk"), by counsel, hereby moves this Court to issue a preliminary injunction pursuant to Rule 65 of the West Virginia Rules of Civil Procedure against Defendants Cabot Oil & Gas Corporation ("Cabot") and Carbon West Virginia Company LLC ("Carbon West Virginia"). The Verified Complaint initiating this action and the evidence presented in the attached Affidavit of Thomas Lon Shannon establish each of the requirements for the issuance of the requested injunctive relief. Further grounds for this motion are set forth in the accompanying Memorandum in Support of this Motion simultaneously filed with the Court.

Dated: March 13, 2018

Respectfully submitted,

SHONK LAND COMPANY LLC,

By Counsel



Nicholas S. Johnson (WVSB # 10272)
Bailey & Glasser LLP
1054 31st St, NW, Suite 230
Washington, DC 20007
(202) 463-2101

IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

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SHONK LAND COMPANY LLC

Plaintiff,

v.

2018 MAR 13 P 3:50

[Signature]
Clerk of Court

Civil Action No. 18-C-193

**CABOT OIL & GAS CORPORATION, and
CARBON WEST VIRGINIA COMPANY LLC,**

Defendants.

**AFFIDAVIT OF THOMAS LON SHANNON IN SUPPORT OF
PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION**

I, Thomas Lon Shannon, hereby declare as follows:

1. I am over eighteen years of age, am of sound mind and am competent to make this affidavit. I have personal knowledge of the facts set forth in this affidavit based on my employment as the Special Assistant to the Manager of Shonk Land Company ("Shonk") and my interactions with Defendants.
2. Shonk is a West Virginia limited liability company with members domiciled in West Virginia.
3. Defendant Cabot Oil & Gas Corporation ("Cabot") is a Delaware corporation with its principal place of business in Houston, Texas.
4. In 1930, Shonk executed a lease with the Larner Gas Company ("Larner Lease") granting Larner oil and gas rights underlying sixteen thousand (16,000) acres of property in Kanawha and Boone Counties.
5. The Larner Lease was conveyed to the predecessor of Cabot in 1939. A true and accurate copy of the Larner Lease and prior assignments are attached as Attachment A.

6. In 2007, Shonk initiated litigation against Cabot over improper royalty calculations and, after eight years of litigation, Shonk and Cabot entered into a Confidential Settlement Agreement (the "Settlement") whereby the parties agreed to a mutual release of claims in exchange for certain amendments to the Larner Lease (the "Ratification"). Shonk and Cabot executed the Settlement on December 23, 2015, and one week later, executed the Ratification. A true and accurate copy of the Ratification is attached as Attachment B.
7. Pursuant to the Ratification, the parties negotiated a very specific royalty calculation methodology that eliminated Cabot's ability to take any deductions and volume losses from Shonk's royalty interest, as well as a provision regarding Cabot's environmental liabilities.
8. Shonk also negotiated to include a consent to assignment provision, which it viewed as essential to the Settlement because Shonk wanted to preserve Cabot's agreements to properly calculate the royalty payment and to stand up for any future plugging and environmental liabilities. As part of the consent to assignment provision, Shonk specifically negotiated for the right to receive relevant non-public financial information about any proposed assignee in order to assess a potential assignee's ability or willingness to prudently and safely perform under the Larner Lease.
9. Less than two years later, by letter dated July 12, 2017, Cabot informed Shonk of its intention to assign the Larner Lease to Carbon West Virginia, a Delaware limited liability company. A true and accurate copy of the July 12, 2017 letter is attached as Attachment C.
10. Pursuant to Section 9 of the Ratification, by letter dated July 19, 2017, Shonk requested

relevant non-public information regarding the credit-worthiness of Carbon West Virginia. A true and accurate copy of the July 19, 2017 letter is attached as Attachment D.

11. In response, rather than providing information about Carbon West Virginia, the proposed assignee, Cabot sent Shonk via email on July 20, 2017 the publicly-available 10-Q filing of Carbon Natural Gas Company. Carbon Natural Gas Company is a publicly-traded Delaware Corporation trading under the symbol CRBO. A true and accurate copy of the July 20, 2017 email from Cabot is attached as Attachment E.
12. In July 2017, Carbon Natural Gas Company owned only a three (3) percent interest in Carbon Appalachian Co. LLC, the parent company of Carbon West Virginia. Upon information and belief, Carbon Natural Gas Company, the company whose 10-Q filing was provided to Shonk, was at most a three (3) percent owner in Carbon West Virginia at the time of the assignment. Even after the Cabot transaction, Carbon Natural Gas Company owned no more than a sixteen (16) percent interest in Carbon West Virginia's parent company. A true and accurate copy of an August 17, 2017 article from Oil and Gas Investor called "Carbon Natural Gas Corrals Appalachian Producing Assets In \$21.5 Million Acquisition" is attached as Attachment F.
13. By letter dated July 31, 2017 ("Objection Letter"), Shonk declined to grant consent to the assignment due in part to the complete lack of information about the proposed assignee as well as information from the 10-Q that revealed numerous financial problems of Carbon Natural Gas that could impact its ability or willingness to prudently and safely perform its obligations under the Larner Lease. In the Objection Letter, Shonk provided detailed reasons for withholding its consent. A true and accurate copy

of the July 31, 2017 Objection Letter is attached as Attachment G.

14. After its initial Objection Letter, Shonk sent Cabot two more letters reiterating its objection under Section 9 of the Ratification to the proposed assignment. A true and accurate copy of a letter dated August 15, 2017 and a letter dated September 22, 2017 in which Shonk again declined to consent to the assignment are attached as Attachment H.
15. Nonetheless, on September 29, 2017, Cabot purported to convey the Larner Lease to Carbon West Virginia.
16. On November 30, 2017, Shonk's attorney, Robert. B. Allen, sent a letter to Cabot's Chairman and Chief Executive Officer asking for the information Shonk requested so it could properly process the request to consent to assignment in an attempt to avoid litigation. A true and accurate copy of the November 30, 2017 Letter is attached as Attachment I.
17. Over Shonk's objections, Carbon West Virginia purported to take over the Lease and began extracting natural gas from Shonk's property.
18. November 2017 was the first month that Carbon West Virginia began calculating royalty payments.
19. Under the terms of the Larner Lease, payment of royalties by the lessee is due on or before the 25th day of each month for all gas produced during the month immediately preceding.
20. On December 25, 2017, when the royalty payment for November production was due, Shonk did not receive a royalty payment from Carbon West Virginia or Cabot.
21. Rather, Carbon West Virginia remitted a royalty payment for November 2017

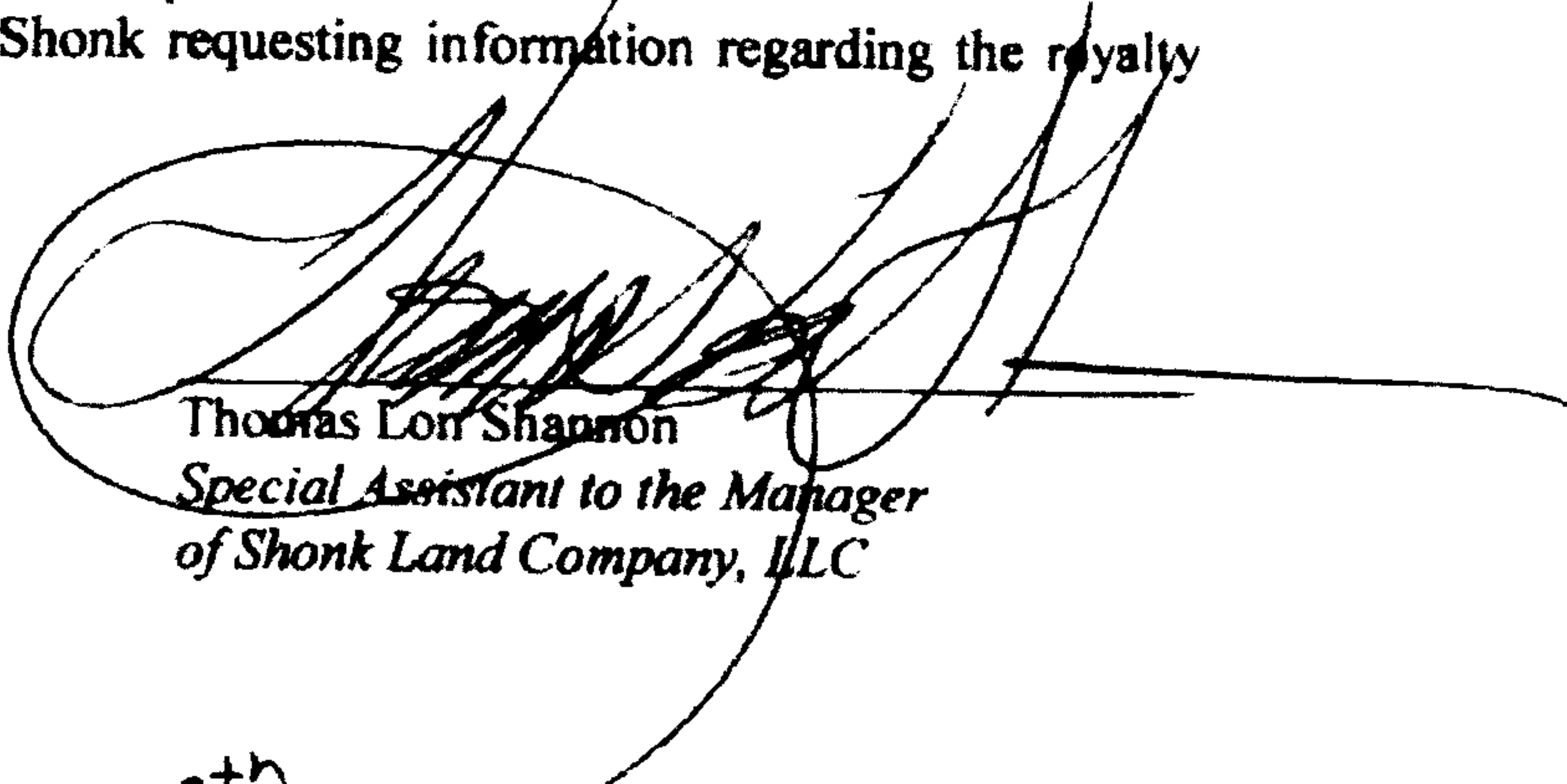
production on January 25, 2018. In a letter accompanying the payment, Carbon West Virginia communicated to Shonk its intention to continue making late royalty payments. A true and accurate copy of the January 25, 2018 Letter is attached as Attachment J.

22. In addition to remitting late royalty payments, Carbon West Virginia also tendered royalty payments on volumes that do not comply with the Ratification.
23. Shonk and Cabot specifically negotiated and agreed under the Ratification that the lessee is prohibited from making post-production deductions for expenses and volume losses from the royalty calculation.
24. In January 2018, when Carbon West Virginia finally submitted royalty statements for November 2017 production, the volume calculations showed a 94% drop in volume across 55 wells. Some of those wells showed negative volume, which only leads to the conclusion that deductions are being taken. A true and accurate copy of the royalty statements are attached as Attachment K.
25. Over the two-month period, November and December 2017, the average reported monthly production over those two months was less than half of the monthly production in October 2017.
26. When Shonk asked for specific information regarding the royalty calculations, both Cabot and Carbon West Virginia refused to answer with any information. A true and accurate copy of the emails in which Shonk requested information regarding the royalty calculations are attached as Attachment K.
27. In support of Plaintiff's Rule 65 Motion for Preliminary Injunction, I attach the following Attachments, which to the best of my knowledge, represent true and accurate

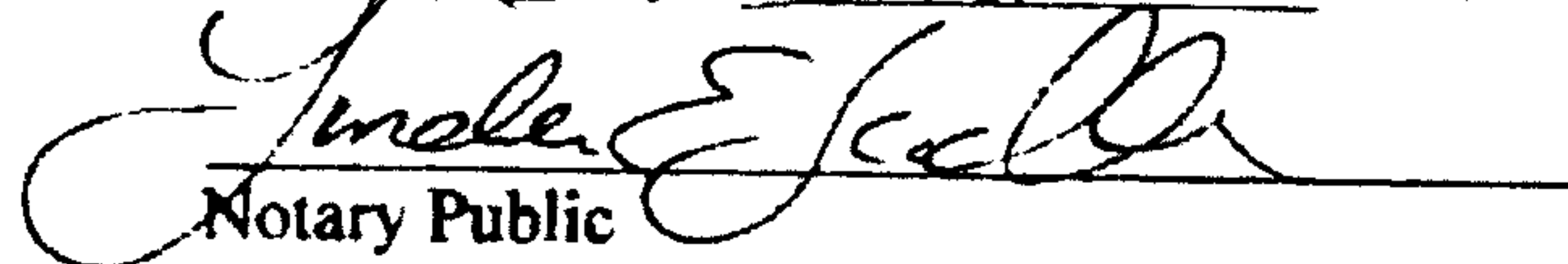
records of Shonk and/or are items created or received in the ordinary course of Shonk's business:

- Attachment A: Larner Lease and Prior Assignments
- Attachment B: Ratification to the Larner Lease
- Attachment C: July 12, 2017 Letter from Cabot informing Shonk of its intention to assign the Larner Lease to Carbon West Virginia
- Attachment D: July 19, 2017 Letter from Shonk requesting non-public information of Carbon West Virginia
- Attachment E: July 20, 2017 email from Cabot to Shonk forwarding Carbon Natural Gas Company's 10-Q filing
- Attachment F: Oil and Gas Investor article: "Carbon Natural Gas Corrals Appalachian Producing Assets In \$21.5 Million Acquisition"
- Attachment G: July 31, 2017 Objection Letter
- Attachment H: Letter dated August 15, 2017 and Letter dated September 22, 2017 in which Shonk declined to consent to the assignment
- Attachment I: November 30, 2017 Letter from Shonk's attorney
- Attachment J: January 25, 2018 Letter accompanying untimely royalty payment
- Attachment K: Royalty Statement Spreadsheet
- Attachment L: Emails from Shonk requesting information regarding the royalty calculations

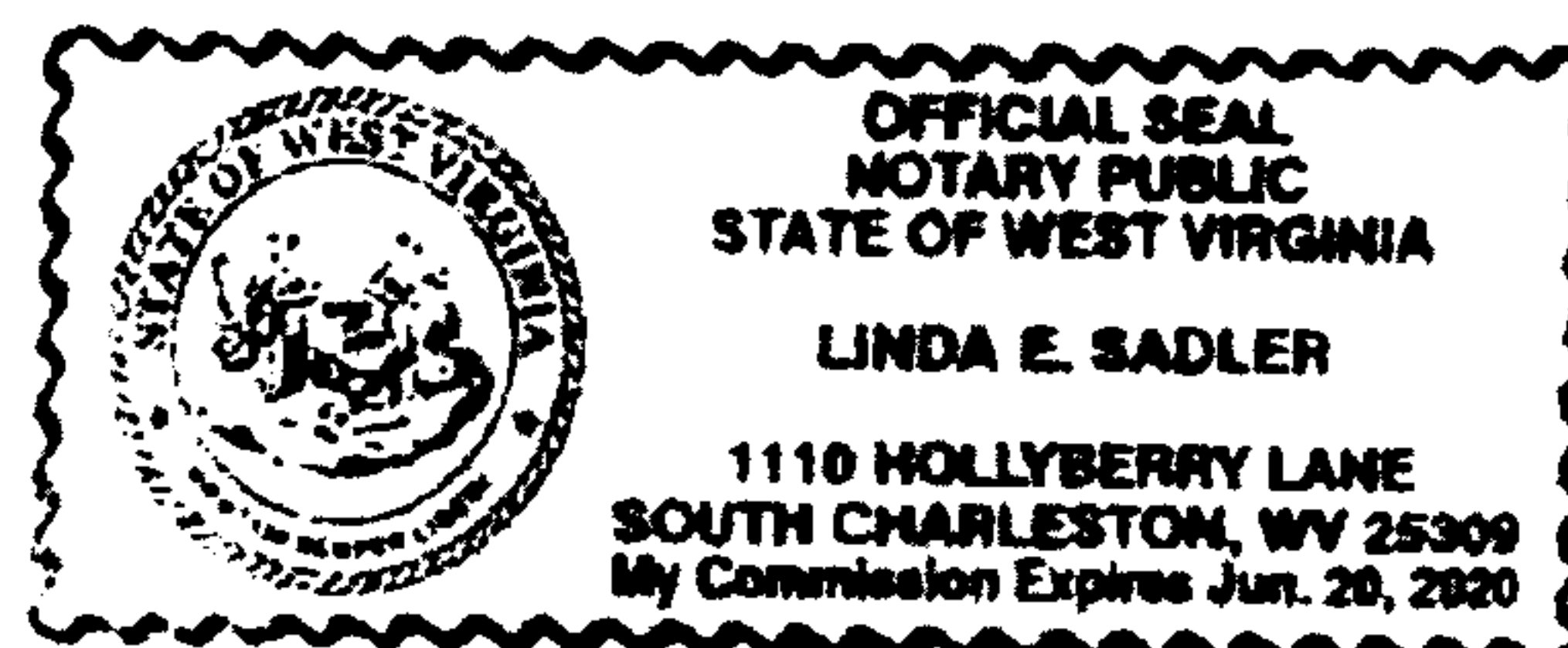
Dated: March 13, 2018


Thomas Lon Shannon
Special Assistant to the Manager
of Shonk Land Company, LLC

SUBSCRIBED TO AND SWORN before me this 13th day of March 2018.


Notary Public

My Commission expires: June 20, 2020



Attachment A

State of West Virginia
County of Kanawha, ss;

ASSIGNED
Book 142 Page 211

I, H.C. Means, a Notary Public in and for the County and State aforesaid do certify that George Whitten and Ina B. Whitten, his wife, whose names are signed to the writing hereunto annexed, bearing date the 29 day of July, 1930, have this day acknowledged the same before me in my said County.

Given under my hand this the 29 day of July, 1930.

H.C. Means, Notary Public.

My commission expires on the 3 day of August, 1933.

West Va. Kanawha County Court Clerk's Office Sep 8, 1930

This lease was this day presented to me in my office, and thereupon, together with the Certificate thereto annexed, is admitted to record.

Teste;

[Signature] Clerk
Kanawha County Court.

Shonk Land Company, a corporation

to

Larner Gas Company, a corporation.

ASSIGNED

Book 142 Page 211

This Agreement, made and entered into this 20th day of May, 1930, by and between Shonk Land Company, a corporation, hereinafter called the "lessor" party of the first part, and Larner Gas Company, a corporation, hereinafter called the "lessee" party of the second part.

Witnesseth; That the lessor, in consideration of eighty thousand dollars (\$80,000.00) forty thousand dollars (\$40,000.00) of which has been paid by the lessee, the receipt whereof is hereby acknowledged, and the balance of which is to be paid in one (1) year after June 19, 1930, with interest thereon at the rate of six per cent (6%) per annum from said date until paid, and is evidenced by the negotiable note of the lessee for forty thousand dollars (\$40,000.00) dated June 19, 1930, and payable to the order of Shonk Land Company in one (1) year after ^{said} date with interest thereon at the rate of six per cent (6%) per annum from said date until paid, at Kanawha Banking & Trust Company, Charleston, West Virginia, and of the covenants and agreements of the lessee hereinafter contained, hereby demises and grants unto the lessee for the term of ten (10) years (and so long thereafter as oil or gas is produced from the land hereinafter described and the rentals, royalties and payments hereinafter specified are paid by the lessee as hereinafter provided) all of the oil and gas in and under the land hereinafter described, together with the exclusive right to drill for, produce and market said oil and gas and to possess so much of said land as may be necessary or convenient to such operations.

The said land is situate in Kanawha and Boone Counties in the State of West Virginia, and is bounded and described as follows, to-wit;

LB-57
9/7/30
M. B. Bouchard

On the North by lands of Ohley Coal Company, Williams Coal Company and others;
 On the East by lands of Ohley Coal Company and others;
 On the South by lands of Coal River Mining & Lumber Company, Kayford, and others;
 and
 On the west by lands of Robson, Pritchard and others.

and contains sixteen thousand (16,000) acres, more or less, and includes the land conveyed to the lessor by James F. Brown, Special Commissioner, and also certain other parcels of land acquire from other persons, remaining after conveyances heretofore made by the lessor.

To have and to hold the oil and gas in said land, together with the gas wells now drilled thereon, for and during the term aforesaid, upon and subject to the terms, conditions and provisions hereinafter contained.

No well shall be drilled within three hundred (300) feet of any dwelling house, storehouse, warehouse, tool-house, powder-house, head-house, shop, mine tibble, mine opening or shaft, or other structure used in connection with coal mining or other operations on said land without the written consent of the lessor.

The lessee shall deliver to the lessor, free of cost, in tanks or tank cars, to be furnished by the lessee, or in the pipe line to which the lessee may connect its oil wells on said land a royalty of one eighth ($1/8$) of all of the oil produced and saved from said land, and shall pay to the lessor, in lieu of royalty for the gas produced from said land one-eighth ($1/8$) of the proceeds of sale, at the fair market price or value in the field, of all of the gas produced from said land, which price shall not be less than the average price of gas in the field in said Kanawha and Boone Counties; provided, that if such price of gas in the field shall at any time be less than twelve cents (12¢) per thousand cubic feet the lessee shall nevertheless pay to the lessor during any such time one-eighth ($1/8$) of twelve cents (12¢) per thousand cubic feet for such gas. The lessee shall also pay to the lessor one-eighth ($1/8$) of the proceeds of sale at the fair market price or value thereof of all gasoline and other products and by products of casing head gas and/or dry gas manufactured from casing-head gas and/or dry gas produced from said land.

The lessee shall furnish to the lessor on or before the 25th day of each month a statement showing the quantity of gas produced from said land during the month immediately preceding, and the quantity of all gasoline and other products or by products of casing head gas and/or dry gas manufactured during the preceding month from casing head gas and/or dry gas produced from said land, and the amount payable to the lessor for its one-eighth ($1/8$) thereof. Payment for the lessor's one-eighth ($1/8$) of said gas, and of all gasoline and other products or by-products of casing head gas and/or dry gas manufactured from casing head gas and/or dry gas produced from said land, shall be made by the lessee monthly on or before the 25th day of each month for all gas produced from said land during the month immediately preceding and for all gasoline and other products and by products of casing head gas and/or dry gas manufactured from casing head gas and/or dry gas produced from said land and sold during the said preceding month.

The lessee shall pay to the lessor a minimum rental of ten thousand dollars (\$10,000.00) per annum for the oil and gas hereby demised, which said minimum rental shall be payable quarterly, in advance, on or before the 1st day of July, October, January and April in each year, beginning with the 1st day of July, 1930; provided, that the royalty or income from oil and gas produced from said land shall be credited on said minimum rental, and when and if for any year the royalty or income from said oil and gas equals or exceeds said minimum rental then said minimum rental shall thereupon abate and be no longer payable.

Payment of all rentals, royalties and moneys payable to the lessor hereunder shall be made, without demand therefor, by cash or check to the lessor, at its office in the City of Charleston, West Virginia or by check made payable to the order of the lessor and mailed to it at Charleston, West Virginia, or to such other address as it may from time to time specify in writing, or deposited to the credit of the lessor in Kanawha Banking & Trust Company, of Charleston, West Virginia.

The lessee shall not be required in any event to increase the amount of said royalty oil or the payment for the gas produced from said land by reason of any interest in said land or in the oil or gas therein that may have been heretofore sold, conveyed or reserved by the lessor or its predecessors; and any royalty or payment for gas required to be paid by the lessee by reason of any such outstanding interest shall be first deducted from the royalty oil and gas payments herein provided to be delivered and paid, and shall apply on the minimum rental herein provided for.

The lessee shall have the privilege of using, free of charge, sufficient oil, gas and water from said land to run all machinery necessary for drilling and operating for oil and gas on said land, and for domestic use in not more than four (4) dwelling houses erected on said land by the lessee and occupied by its employees engaged in its operations on said land hereunder; but the lessee shall pay to the lessor one eighth (1/8) of the fair market price or value of all oil or gas produced by it from said land and used by it for any purpose other than the purposes aforesaid, such payments to be made on or before the 25th day of each month for the oil or gas so used during the preceding month.

This agreement, and the operations of the lessee hereunder, shall be subject and subordinate to any and all leases and development and operation of said land, or any part or parts thereof, for mining and removing coal and manufacturing coke and other by products of coal which may at any time hereafter be made or carried on by the lessor, or its successors, tenants or assigns, but no such development or operation shall unnecessarily interfere with any well producing oil or gas in paying quantities or with the drilling of any well already located and for which a drilling permit has been issued by the Department of Mines of the State of West Virginia pursuant to the provisions of Chapter 86 of the 1929 Acts of the Legislature.

The lessee shall furnish to the lessor promptly upon the completion of any well a properly attested log of such well showing all the rock strata and, in particular and with as much exactitude as possible, all seams of coal penetrated; and upon the completion of any well, and within a reasonable time before the plugging of any well deemed by the lessee to be non-productive of oil or gas in paying quantities the lessee shall furnish the lessor a properly attested report showing, among other pertinent data (a) the initial rock pressure and open flow production of such well, and (b) if such well has been shot, the point where such

well was shot, the character and amount of the explosive with which such well was shot, and the rock pressure and open flow production of such well after being shot.

The lessee shall conduct its operations on said land in such manner as to do no unnecessary damage to the same, or to any property or crops thereon, and so as to interfere as little as possible with the possession and use of said land by the lessor or its lessees or tenants, for agricultural or other purposes, including the cutting and removal of timber, the mining and removing of coal and the manufacture of coke and other by-products of coal, and the mining, production, removal and utilization of other minerals and products, except oil and gas. The lessee in its operations on said land hereunder shall observe and be bound by all of the provisions of that certain act passed by the Legislature of the State of West Virginia on the 7th day of March, 1929, and designated as Chapter 86 of the 1929 Acts of said Legislature applicable to well operators, and all laws amending said provisions or enacted in lieu thereof or in force during the continuance of this lease and applicable hereto, and shall forward or furnish to the lessors, in the manner and within the time prescribed by said Act or laws, a copy of any plat, notice or other paper required by said Act or laws to be given to any coal operator; and for the purpose of this lease said land shall be deemed to be underlaid with one or more workable beds of coal, and the lessor shall be entitled to all of the rights of coal operators under said Act or laws. And regardless of said laws, the lessee agrees that in its operations on said land for oil and gas, and in the production, use, storage and transportation of the same, it will take every reasonable precaution and employ the most suitable and effective means to prevent the leakage or escape of oil, gas or water into any workable seam of coal on said land and to protect the mining and other operations and the property on said land from damage by reason of its said operations.

The lessee shall bury at a suitable depth below the surface of the ground, when requested by the lessor so to do, any pipe line used by it on said land, and shall pay all damages to crops, live stock or other property on said land caused or resulting from its operations hereunder.

The lessee shall pay all taxes upon the improvements and property placed by it on said land and upon the working interest in the oil and gas produced therefrom promptly when such taxes become due and payable, and in the event the lessor shall pay any such taxes the lessee shall promptly reimburse them therefor, together with interest from time of payment.

The lessee shall have the right, at any time when not in default in the payment of the consideration for this lease or the rentals, royalties or other payments herein provided for or in the performance of any of its other covenants or obligations hereunder, to remove all property, including all material upon or under the ground, placed by it on said land, and the lessor shall not have the right to claim or hold during or after the term hereof any of said property as fixtures or as a part of the realty provided the lessee shall have paid all of the rentals, royalties and payments herein provided to be paid by it and shall have kept and performed all of its other covenants and obligations hereunder. "

The lessee shall have the further right, at any time when not in default in any particular as specified in the preceding paragraph, upon the payment or tender to the lessor, or the deposit to its credit in the bank herein named, of one dollar (\$1.00) to release and surrender this lease by returning it to the lessor with the endorsement by the lessee or its agent of a surrender hereon, or by recording a release and surrender hereof in the office of the Clerk of the County Court of Kanawha County, West Virginia, either of which the lessor agrees to accept as, and which shall be, a full and legal surrender of this lease.

The lessor reserves a lien on the leasehold estate and rights hereby reserved and granted, and all of the rights of the lessee hereunder, and all of the property placed on said land by the lessee to secure the payment of the unpaid purchase money for this lease, with interest thereon, as evidenced by the note aforesaid. And in the event the lessee shall make default in the payment of the unpaid purchase money, with interest thereon, or any part of the same, the lessor shall have, in addition to and not in limitation of any other right or remedy, the right to terminate this lease and to re enter and take possession of the demised premises and property and exclude the lessee therefrom and to have, possess and enjoy the same as though this lease had never been made; and the lessee hereby expressly waives the service of any notice in writing of intention to re enter and re possess the demised premises and property, and also expressly waives any provision of law now in force or which may be enacted hereafter giving it the right under any condition after such default to hold possession of or redeem the demised premises and property or to enjoy any rights hereunder.

The lessor covenants that the lessee, paying the consideration, rentals, royalties and payments specified herein and performing its covenants and obligations hereunder, shall peaceably possess and enjoy the oil and gas hereby demised without any interruption or disturbance by or from the lessor.

This agreement, and all of the terms, conditions, covenants, agreements, provisions and limitations hereof, shall extend to and be binding upon the respective successors and assigns of the lessor and the lessee.

In witness whereof, the lessor has hereunto caused its corporate name to be signed and its corporate seal to be affixed by its proper officers thereunto duly authorized,^v and the lessee has hereunto caused its corporate name to be signed and its corporate seal to be affixed by its proper officers thereunto duly authorized,^v all in duplicate.

(CORPORATE SEAL)

Shonk Land Company,

Attest; E. H. Shonk, Sec.

By Herbert B. Shonk, President

(CORPORATE SEAL)

Larner Gas Company,

Attest; Charles Chandler, Secy.

By W. Angamer Larner, President.

State of New York

County of New York, to-wit;

I, Laurette B. McCarthy, a Notary Public of the said County of New York do certify that Herbert B. Shonk personally appeared before me in my said County and being by me duly sworn did depose and say that he is the President of Shonk Land Company, one of the corporations described in the writing annexed hereto, dated the 20th day of May, 1930, authorized by said corporation to execute and acknowledge deeds and other writings of said corporation, and that the seal affixed to said writing is the corporate seal of said corporation, and that said

was signed and sealed by him in behalf of said corporation by its authority duly given. And the said Herbert B. Shonk, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand this 23rd day of June, 1930.

(NOTARIAL SEAL)

Laurette B. McCarthy, Notary Public

Notary Public Kings County,
Certificate filed in New York County
N.Y. Clk's No. 58, N.Y. Co. Reg No. 2 Mc43

Commission expires March 30, 1932.

State of New York

County of New York, ss;

I, Daniel E. Finn, Clerk of the County of New York, and also Clerk of the Supreme Court in and for said County, do hereby certify that said Court is a Court of record having by law a seal; that Laurette B. McCarthy whose name is subscribed to the annexed certificate or proof of acknowledgement of the annexed instrument was at the time of taking the same a Notary Public acting in and for said County, duly commissioned and sworn and qualified to act as such; that he has filed in the Clerk's Office of the County of New York a certified copy of his appointment and qualification as Notary Public for the County of Kings with his autograph signature; that as such Notary Public he was duly authorized by the laws of the State of New York to protest notes; to take and certify depositions; to administer oaths and affirmations; to take affidavits and certify the acknowledgment and proof of deeds and other written instruments for lands, tenements and hereditaments to be read in evidence or recorded in this state; and further that I am well acquainted with the handwriting of such Notary Public and verily believe that this signature to such proof or acknowledgment is genuine.

In testimony whereof I have hereunto set my hand and affixed the seal of said Court at the City of New York in the County of New York, this 10 day of July, 1930.

Daniel E. Finn, Clerk.

State of New York

County of New York

I, Anna M. Wallace, a Notary Public of the said County of New York do certify that W. Angamar Lerner personally appeared before me in my said County and being by me duly sworn did depose and say that he is the President of Lerner Gas Company, one of the corporations described in the writing annexed hereto, dated the 20th day of May 1930, authorized by said corporation to execute and acknowledge deeds and other writings of said corporation, and that the seal affixed to said writing is the corporate seal of said corporation, and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said W. Angamar Lerner acknowledged the said writing to be the act and deed of said corporation.

Given under my hand this 18th day of June, 1930.

(NOTARIAL SEAL)

Anna M. Wallace, Notary Public
Notary Public Bronx County, *Bronx County Clerk's No. 9*
Certificate filed in New York Co.
Clerk's No. 542 Reg's No. 2W 361
Commission expires March 30, 1932.

State of New York

County of New York, ss: Clerk's Office Aug 7, 1930

I, Daniel E. Finn, Clerk of the County of New York, and also Clerk of the Supreme Court in and for said County, do hereby certify that said Court is a Court of record having by law a seal; that Anna M. Wallace whose name is subscribed to the annexed certificate or proof of acknowledgment of the annexed instrument was at the time of taking the same a Notary Public acting in and for said County duly commissioned and sworn and qualified to act as such; that he has filed in the Clerk's Office of the County of New York a certified copy of his appointment and qualification as Notary Public for the County of Bronx with his autograph signature; that as such Notary Public, he was duly authorized by the laws of the State of New York to protest notes; to take and certify depositions; to administer, oaths and affirmations; to take affidavits and certify the acknowledgment and proof of deeds and other written instruments for lands, tenements and hereditaments to be read in evidence or recorded in this state; and further that I am well acquainted with the handwriting of such Notary Public and verily believe that this signature to such proof or acknowledgment is genuine.

In testimony whereof I have hereunto set my hand and affixed the seal of said Court at the City of New York in the County of New York, this 10 day of July, 1930.

Daniel E. Finn Clerk.

~~Notary Public, Bronx County,
Bronx County Clerk's No. 9
Certificate filed in New York Co.
Clerk's No. 640, Reg. No. 24361
Commission expires March 30, 1932.~~

State of West Virginia;

In Boone County Court Clerk's Office Aug 7, 1930

The foregoing Oil & Gas Lease was this day presented to me in my office and together with the annexed Certificate is admitted to record.

Teste; C.H. Nelson Clerk.

West Va. Kanawha County Court Clerk's Office Sep 9, 1930

This Agreement was this day presented to me in my office, and thereupon, together with the Certificate thereto annexed, is admitted to record.

Teste;

A. I. Brown Clerk
Kanawha County Court.

R.G. Hubbard and wife

to

A.I. Brown

This Agreement and Lease made, in duplicate this 16th day of November 1928, between R.G. Hubbard and Mary B. Hubbard, his wife, parties of the first part, hereinafter called the "Lessors" and Abe I. Brown, party of the second part, hereinafter called the "lessee";

Witnesseth; That, for and in consideration of the rentals herein reserved and the covenants and agreements hereinafter set forth, the lessors do

*EX-11270
R.G. Hubbard & wife
A.I. Brown
Sep 9, 1930*

[REDACTED]

THIS AGREEMENT, made and entered into this 15th day of July, 1932, by and between Larner Gas Company, a corporation, and A. F. McCue, B. A. Wise and W. J. Maier, Jr., Receivers of said Larner Gas Company, parties of the first part, hereinafter called "Lessee," and Shonk Land Company, a corporation, party of the second part, hereinafter called "Lessor",

WHEREAS, by agreement made and entered into the 20th day of May, 1930, in consideration of Eighty Thousand Dollars (\$80,000.00), Lessor leased and let unto Lessee for oil and gas purposes a certain tract of land situate in Kanawha and Boone Counties, West Virginia, containing sixteen thousand (16,000) acres, more or less, together with the gas wells then drilled thereon, for a term of ten years and as long thereafter as oil or gas is produced,

WHEREAS, as of February 23, 1932 there remained due on the purchase price of said lease, in principal and interest, the total sum of \$35,732.96,

WHEREAS, Lessee has negotiated a contract for the sale of gas produced from said lease, and Lessor and Lessee desire to fund said indebtedness and to arrange for the payment thereof from the proceeds of the sale of gas in the manner hereinafter specified,

NOW, THEREFORE, WITNESSETH, that for and in consideration of the acceptance by Lessor of two certain notes dated February 23, 1932 in the principal amount of \$17,866.48 each, payable to Lessor one year and two years after date, respectively, with interest at the rate of six per cent per annum, Lessee hereby assigns, transfers, conveys and sets-over unto Lessor from the proceeds of the sale of said gas, the sum of six cents (6¢) per thousand cubic foot of gas sold under the terms of the aforesaid contract to be applied as paid, first upon interest accrued on

said notes, then in the reduction of the principal thereof.

Witness the following signatures and seals.

Attest
Charles Lehaudt
Jury

LARNER GAS COMPANY

BY W. J. McQuinn

U. F. McQuinn
Receiver.

B. A. McQuinn
Receiver.

W. J. McQuinn
Receiver.

SHONK LAND COMPANY

BY W. J. Shonk, Pres.

July 15-1932	LARNER GAS COMPANY, et al. and AGREEMENT SHONK LAND COMPANY		STEEPLE & JOHNSON ATTORNEYS AT LAW CLARKSBURG, W. VA. CHARLESTON, W. VA.
--------------	---	--	--

Mail: D. C. Shonk, c/o Shonk Land Co., Kan. Bks. & Trust Co., City

THIS DEED, made and entered into this the 11th day of February, 1939, by and between Stanley C. Morris, Special Commissioner, party of the first part, and Donald C. Shonk, party of the second part.

Whereas, pursuant to and in accordance with decree of sale made and entered by the United States District Court for the Southern District, of West Virginia, on the 11th day of November, 1938, in that certain Chancery Cause therein pending entitled "Benjamin L. Lave and Philip F. Lextee, as trustees, Plaintiffs, against Lerner Gas Company et al., Defendants", one of the dependent and constituent causes of Consolidated Equity Cause No. 8185, therein pending, said Stanley C. Morris as Special Commissioner duly appointed therein, sold the Shonk Land Company Lease No. LAK-2, hereinafter more fully described, to Donald C. Shonk, on the 21st day of January, 1939, for the sum of One Dollar (\$1.00) cash, subject to approval of and confirmation by said Court.

Whereas, said Special Commissioner duly reported said sale, and the same was duly approved and confirmed by said Court by decree made and entered in the aforesaid Cause on the 31st day of January, 1939.

Now, WHEREFORE WITNESSETH that for and in consideration of the premises and the payment of the sum of One Dollar (\$1.00) in cash to B. A. Wise and A. F. McNe, as the receivers of said Lerner Gas Company, pursuant to and in accordance with the provisions of the said decree of January 31, 1939, said Stanley C. Morris, Special Commissioner, party of the first part, does hereby grant, convey, sell, transfer, set over and assign unto the said Donald C. Shonk, party of the second part, with covenants of special warranty, that certain agreement of lease dated July 20th 1930, by and between Shonk Land Company and said Lerner Gas Company,

of record in the office of the Clerk of the County Court of Boone County, in oil and gas Lease Record Book No. 9 at page 528, and in the office of the Clerk of the County Court of Kanawha County in Lease Book No. 57, at page 3, designated by said Larner Gas Company as Lease No. LWE-2, covering 16,000 acres more or less, situate in Kanawha and Boone counties in the state of West Virginia, as more fully described therein, together with the wells and equipment thereon, and all rights of way, pipe lines, meters and contract rights appurtenant thereto.

Pursuant to and in accordance with the aforesaid decree of sale, and decree confirming said sale, the above described lease and appurtenances thereunto belonging are hereby conveyed free and acquit of all liens and claims, except the same are subject to, and the party of the second part hereby assumes, (a) taxes for the year 1939 thereon, (b) all obligations and liabilities of the lessee under said lease, and (c) that certain contract dated July 2, 1932, between Larner Gas Company and A. F. McCue, B. A. Wise and W. J. Maier, Jr., then Receivers of Larner Gas Company, and Godfrey L. Cabot, Inc., as modified by agreement between Larner Gas Company and A. F. McCue, B. A. Wise and W. J. Maier, Jr., then Receivers of Larner Gas Company and Shonk Land Company, dated July 15th, 1932, providing for the sale of gas from the above described lease.

IN WITNESS WHEREOF, the party of the first part has herewith affixed his signature and seal on this the day and year first above written.

 (SEAL)
Special Commissioner.

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, TO-WIT:

I, W.E. Miller, a Notary Public in and
for the County and State aforesaid, do certify that Stanley C.
Morris, Special Commissioner, whose name is signed to the writing
above, bearing date the 11th day of February, 1939, has this
day acknowledged the same before me in my said county.

Given under my hand this the 11th day of February,
1939.

W.E. Miller
Notary Public

My commission expires May 29, 1945.

12:10

West Virginia Kanawha County Court Clerk's Office MAY -1 1939

This Instrument was this day presented to me in my office, and there-
upon, together with the Certificate thereto annexed, is admitted to
record.

Teste: Paul E. Fulkner Clerk
Kanawha County Court

RECORDED
By - FEARLE, Clerk
COUNTY CLERK, KANAWHA COUNTY
WEST VIRGINIA

and

DONALD C. SHONK

८५५८

LEASE BOOK 83 PAGE 407

Return to
D.C. Shunk
40 Shunk Land Co.
Lawrence Blythe & Co.
Charleston, W. Va.

STREPTON & JOHNSON

ATTORNEY AT LAW

CLARKSBURG, W. VA. ORAHLBOSTON, W. VA.

(Cabot)

THIS DEED, made this 27th day of April, 1939, between DONALD C. SHONK, party of the first part, and L. CABOT, INC., a corporation organized under the laws of the Commonwealth of Massachusetts, party of the second part,

WITNESSETH: That for and in consideration of the sum of One Dollar (\$1.00), and other valuable consideration, all of which have been paid to the party of the first part by the party of the second part and the receipt of all of which is hereby acknowledged, the party of the first part has bargained, sold and assigned and does hereby bargain, sell, assign, convey, transfer and set over unto the party of the second part, its successors and assigns, the leasehold estate and rights created and granted by a certain deed of lease made by Shonk Land Company to Lerner Gas Company, dated the 20th day of May, 1930, and recorded in the office of the Clerk of the County Court of Kanawha County, West Virginia, in Lease Book No. 57, at page 3, and in the office of the Clerk of the County Court of Boone County, West Virginia, in Lease Record Book No. 9, at page 128, devising and granting, for the term or time and upon the terms and conditions therein specified, all of the oil and gas in and under a certain tract of land therein described, situate in said Kanawha and Boone Counties and containing 16,000 acres, more or less, together with all easements, rights of way, privileges and appurtenances thereunto in anywise belonging or appertaining and the gas wells, gas well equipment, pipe lines and meters

appurtenant thereto, and also the aforesaid agreement of lease, subject to (a) the taxes for the year 1939 thereon, (b) all obligations and liabilities of the lessee under said lease, and (c) that certain contract dated July 2, 1932, between Larner Gas Company and A. F. McCue, B. A. Wise and W. J. Maier, Jr., then receivers of said Company, and Godfrey L. Cabot, Inc., for the sale of gas from the leased premises (and which said gas sale contract was assigned by the said Godfrey L. Cabot, Inc., to Hope Natural Gas Company, which now holds the same); it being the intention hereof that the party of the first part shall hereby convey, assign and transfer to the party of the second part the aforesaid lease and all rights thereunder or in respect thereof conveyed to him by Stanley C. Morris, Special Commissioner, by deed made the 11th day of February, 1939, and to be recorded simultaneously herewith in the offices of the Clerks of the County Courts of said Kanawha and Boone Counties, free and acquit of all liens and claims except those specified in said deed.

The party of the first part covenants that said lease is in full force and effect; that he has done no act to encumber the same or for which the same may be forfeited or terminated; that said lease is free from all liens and encumbrances, except those hereinabove specified; and that the party of the second part, fully performing and keeping all of the obligations and covenants of the lessee under said lease, shall peaceably possess and enjoy the oil and gas demised by said lease without any interruption or disturbance by or from the lessor or the party of the first part and all persons claiming by, through, or under him.

WITNESS the following signature and seal:

St. J. R. O. O. O.

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA, TO-WIT:

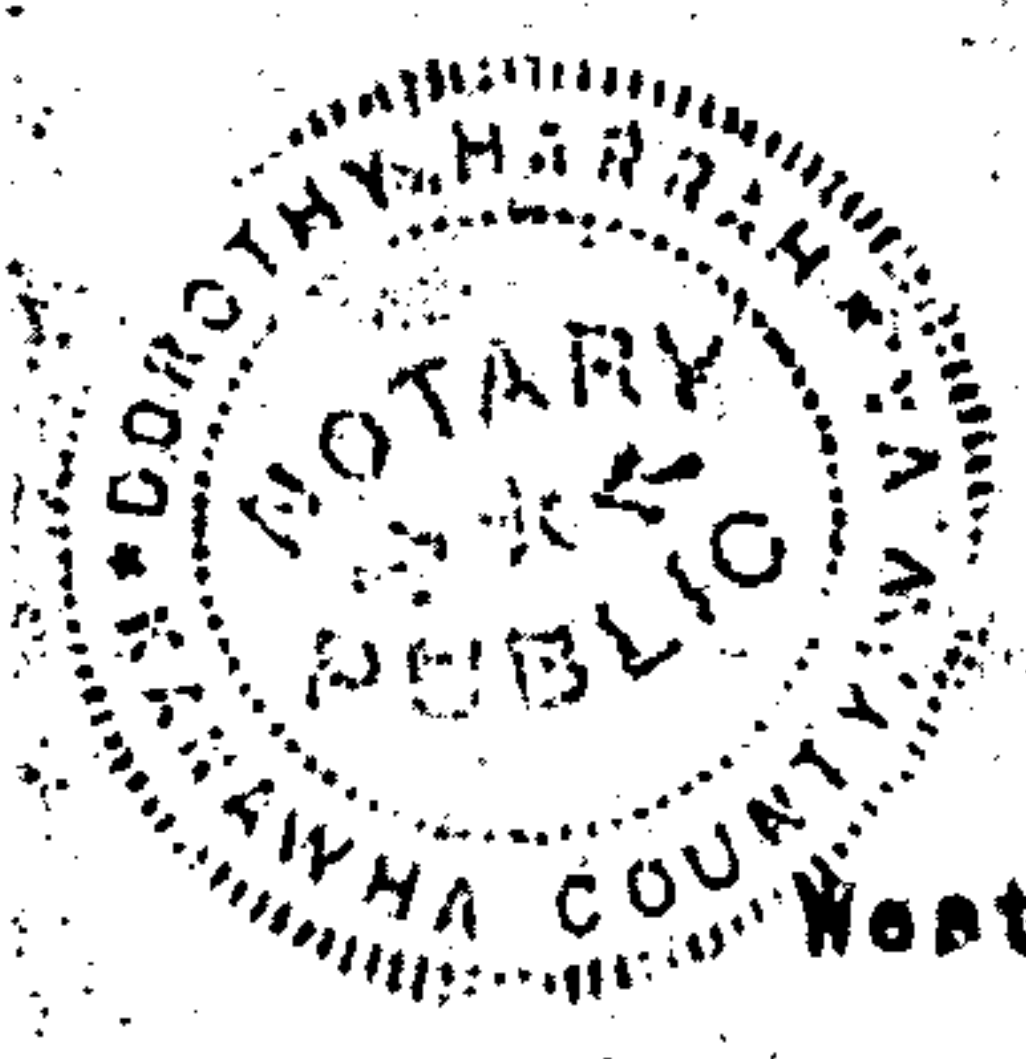
I, Albion H. Harnish, a Notary Public
of the said County of Kanawha, do certify that Donald C.
Shonk, whose name is signed to the writing hereto annexed,
bearing date the 27th day of April, 1939, has this day ac-
knowledgeed the same before me in my said county.

Given under my hand this 27th day of April, 1939.

Albion H. Harnish
Notary Public.

10:20

My commission expires Feb. 18, 1945



West Virginia Kanawha County Court Clerk's Office MAY 15 1939

This Instrument was this day presented to me in my office, and
upon, together with the Certificate thereto annexed, is admitted
record.

Teste: Paul E. Tuckman

Kanawha County Court

RECORDED
MAY 15 1939

Cabot

THIS AGREEMENT, Made this 28th day of April, 1939,
between SHONK LAND COMPANY, a corporation organized under the
laws of the State of West Virginia, party of the first part,
and GODFREY L. CABOT, INC., a corporation organized under the
laws of the Commonwealth of Massachusetts, party of the second
part,

WITNESSETH: That

WHEREAS the party of the second
part is the present owner of and lessee under that certain
agreement of lease made by the party of the first part to
Larner Gas Company, dated the 20th day of May, 1930, and re-
corded in the office of the Clerk of the County Court of Kana-
wha County, West Virginia, in Lease Book No. 57, at page 3,
and in the office of the Clerk of the County Court of Boone
County, West Virginia, in Lease Record Book No. 9, at page
528, demising and granting, for the term or time and upon
the terms and conditions therein specified, all of the oil
and gas in and under a tract of land therein described, situ-
ate in said Kanawha and Boone Counties and containing 16,000
acres, more or less; and

WHEREAS the parties hereto have agreed that said
lease shall be modified and changed so as to eliminate there-
from the provision thereof for the payment by the lessee to
the lessor of an annual minimum rental, and have further
agreed in respect of said lease as hereinafter set forth,

NOW, THEREFORE, in consideration of the promises
and of the sum of One Dollar (\$1.00), paid to the party of

~~THIS AGREEMENT IS NOT VALID UNLESS SIGNED BY BOTH PARTIES~~

the first part by the party of the second part, the receipt of which is hereby acknowledged, it is mutually agreed between said parties that the hereinabove recited lease shall be and is hereby modified and changed so as to eliminate and remove therefrom the provision thereof for the payment by the lessee to the lessor of a minimum rental for the oil and gas thereby demised; it being understood and agreed that hereafter there shall be no minimum rental or delay rental whatever payable under said lease, but that the other payments specified therein shall be made as therein provided and that said lease as so modified and changed shall continue in force and effect.

The party of the first part acknowledges and it is understood between the parties hereto (1) that all of the rights of the party of the first part herein under or by reason of a certain agreement made by Larner Gas Company and A. F. McCue, R. A. Wise and W. J. Maier, Jr., then receivers of said company, and the party of the first part herein, dated July 15, 1932, assigning to the party of the first part a part of the proceeds of sale of gas from said leasehold have been terminated and that said agreement is no longer operative or in effect; and (2) that the lien reserved in said lease to secure the payment of the unpaid purchase money therefor has been extinguished by foreclosure.

The party of the first part agrees that the party of the second part shall have no obligation or liability for or in respect of any act or omission of any former lessee under or owner of said lease, and that the party of the second part its successors and assigns, paying the royalties and payments specified in said lease and performing the covenants and ob-

ligations of the lessee thereunder, as herein modified and changed, shall peaceably possess and enjoy the oil and gas thereby devised without any interruption or disturbance by or from the party of the first part; and the party of the second part hereby assumes and agrees to keep and perform the covenants and obligations of the lessee under said lease, as herein modified and changed.

IN WITNESS WHEREOF the said Shonk Land Company has hereunto caused its corporate name to be signed and its corporate seal to be affixed by E. H. Shonk, its President, thereunto duly authorized, attested by its Secretary; and the said Godfrey L. Cabot, Inc., has hereunto caused its corporate name to be signed and its corporate seal to be affixed by Godfrey L. Cabot, its President, thereunto duly authorized, attested by its Secretary, this agreement being executed in two counterparts.

Attest:

E. H. Shonk
Secretary

Fred E. Fernald
Secretary.

SHONK LAND COMPANY

By E. H. Shonk
President

GODFREY L. CABOT, INC.,

By Godfrey L. Cabot
President

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, TO-WIT:

I, Passerich, a Notary Public
of said County, do certify that E. H. Shonk, who signed the
writing hereto annexed, bearing date the 28th day of April,
1939, for Shonk Land Company, a corporation, has this day in
my said County, before me, acknowledged the said writing to
be the act and deed of said corporation.

Given under my hand and notarial seal this 28
day of April, 1939.

Passerich
Notary Public

My commission expires Feb 7 1943

COMMONWEALTH OF MASSACHUSETTS,
COUNTY OF SUFFOLK, TO-WIT:

I, Warren F. Ridout, a Notary Public
of said County, do certify that Godfrey L. Cabot, who signed
the writing hereto annexed, bearing date the 28th day of April,
1939, for Godfrey L. Cabot, Inc., a corporation, has this day
in my said County, before me, acknowledged the said writing
to be the act and deed of said corporation.

Given under my hand and notarial seal this 9th
day of May ~~April~~, 1939.

Warren F. Ridout
Notary Public

My commission expires Oct 24, 1941

20

West Virginia Kanawha County Court Clerk's Office MAY 15 1939
This Instrument was this day presented to me in my office, and there-
upon, together with the Certificate thereto annexed, is admitted to
record.

Teste: Paul E. Fulk Clerk
-4- Kanawha County Court.

THIS AGREEMENT, dated the 19th day of February, 1981,
between SHONK LAND COMPANY, LTD. a partnership, sucessor to
Shonk Land Company, a corporation, hereinafter called Lessor,
and CABOT OIL & GAS CORPORATION OF WEST VIRGINIA, a Delaware
corporation authorized to do business in the State of West
Virginia, and formerly named APPALACHIAN EXPLORATION &
DEVELOPMENT, INC., and CABOT OIL & GAS CORPORATION, hereinafter
called Lessee;

W I T N E S S E T H:

THAT WHEREAS, by a Lease dated May 20, 1930, and recorded
in the County Clerk's Office of Kanawha County, West Virginia,
in Lease Book 57 at Page 3, the Shonk Land Company, a
corporation, leased to Larnar Gas Company, a corporation, all
oil and gas in and under a certain boundary of land situated in
Cabin Creek District, Kanawha County, West Virginia; and

WHEREAS, by court orders set out in a suit in the United
States District Court for the Southern District of West
Virginia, in the case of Benjamin M. Kaye, et al, v. Larnar Gas
Company, Stanley C. Morris, Special Commissioner, conveyed all
interest in the aforesaid lease to Donald C. Shonk by an
instrument in writing dated February 11, 1939, and recorded in
the County Clerk's Office of Kanawha County, West Virginia, in
Lease Book 83 at Page 407; and

WHEREAS, by an instrument in writing dated April 27, 1939,
the said Donald C. Shonk conveyed and assignend to said Godfrey
L. Cabot, Inc., all his right, title and interest in said oil
and gas lease; and

WHEREAS, by agreement dated April 28, 1939, and recorded in
the County Clerk's Office of Kanawha County, West Virginia, in
Lease Book 83 at Page 475, the Shonk Land Company, a
corporation, granted to said Godfrey L. Cabot, Inc., certain
modifications and terms as set out in the original lease dated
May 20, 1930, and recorded in said Clerk's Office in Lease Book
57 at Page 3; and

#648 Mail: Cabot Oil & Gas Corp
P O Box 628 Charleston, WV 25322

WHEREAS, Godfrey L. Cabot, Inc. has merged with other corporations to be known as Cabot Corporation, a corporation organized and existing under and by virtue of the general corporation law of the State of Delaware, as evidenced by a Certificate of Incorporation, of record in said Clerk's Office in Certificate of Incorporation Book 127 at Page 17; and

WHEREAS, the said Cabot Corporation by an agreement dated the 6th day of April, 1971, conveyed and assigned all their interest in and to said oil and gas lease unto Appalachian Exploration and Development, Inc., a Delaware corporation, and of record in said Clerk's Office in Assignment Book 74 at Page 187; and

WHEREAS, Lessee has lawfully changed its name to CABOT OIL & GAS CORPORATION OF WEST VIRGINIA; and,

WHEREAS, the Lessor and Lessee have agreed to modify, amend and ratify such lease as to all portions thereof now owned by CABOT OIL & GAS CORPORATION OF WEST VIRGINIA.

NOW, THEREFORE, for and in consideration of the premises, the mutual covenants hereinafter set forth, Ten Dollars (\$10.00) plus other good and valuable consideration, cash in hand paid each to the Lessor, the receipt of which is hereby acknowledged, the undersigned Lessor and Lessee do hereby agree to modify and lease as to the leasehold portions and estate now owned of record by Cabot Oil & Gas Corporation of West Virginia as follows:

1. Lessee is hereby relieved of any past, present or future duty under the subject lease to bury pipelines, except as may be required by applicable state or federal law. Any reference to burial of pipelines in the subject lease is hereby deleted.

2. Lessee's oil and gas operations are no longer to be held subservient to coal operations which have been, are being, or which may be conducted on the subject leasehold tract, except as may be required by applicable state or federal law.

As consideration for all the above, Lessee agrees as follows:

1. Lessee agrees to drill four (4) firm wells during the four (4) years following January 1, 1981. It is further agreed that the first such well shall be spudded and completed within two (2) years of the date of this agreement. Lessee agrees to plug and abandon any dry hole drilled within a reasonable time.

2. Lessee has the further option beginning January 1, 1985 to drill two (2) wells per year for a three (3)-year period. If Lessee does not drill each well for which shall be entitled to drill any well not so drilled by Lessee.

3. Lessee shall be entitled to a one-sixteenth of eight-eighths ($1/16$ of $8/8$) overriding royalty interest on all wells drilled by Lessor or any third party on the subject leasehold.

4. With reference to any pipelines or gathering line to be installed on the premises subsequent to the date of this instrument, upon the completion of any future well on this property as a producer, Lessee shall convey the well location information along with a map showing the proposed site of the gathering line thereof to the Lessor. Furthermore, Lessee shall pay for damages caused by its operations to growing crops, trees and fences located on the premises.

5. Lessee, during the term of this lease, shall pay all taxes assessed upon the buildings, structures, fixtures, improvements and other property erected or placed by Lessee upon the demised land, and shall also pay all the taxes which may be assessed upon Lessee's interest in this oil and gas lease and the West Virginia Business and Occupation taxes assessed on the gas and oil produced hereunder. Lessor shall pay all state ad valorem taxes on the ownership of the oil and gas in place hereunder, as well as any other taxes on Lessor's interest herein.

6. The language on page three of the May 20, 1930 lease as well as the first two paragraphs on page four thereof are hereby deleted and the following language is added in lieu thereof:

Lessee shall deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect his wells the equal one-eighth (1/8) part of all oil or liquid hydrocarbons produced and saved from the premises, and shall pay Lessor on gas, including casinghead gas and other gaseous substances, produced from the premises and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the general wholesale market price at the well of one-eighth (1/8) of the gas so sold or used; provided that on gas sold on the premises the royalty shall be one-eighth (1/8) of the amount realized from the sale of gas as such; and provided that in no event shall the gas royalty payable hereunder be computed on the basis of a price the collection of which by Lessee is unlawful or prohibited by order or regulation of any governmental authority having jurisdiction. Payment for royalty in accordance herewith shall constitute full compensation for the gas and all of its components.

7. The following paragraph shall be inserted immediately before the first full paragraph on page six of the aforementioned lease:

In the event Lessee and the coal operators, owners or coal lessees, if any, cannot agree as to any proposed future well locations, then the parties hereto as well as their assigns agree to (i) let the well location issue be resolved by the West Virginia Department of Mines in accordance with Chapters 22-4-3, 29A-5-1 and 29A-5-2 of the West Virginia Code, as amended and (ii) to be bound by the final decision of the said Department of Mines.

8. Upon completion, any well drilled by Lessor under paragraph three next above, shall earn fifty (50) acres surrounding each such well in the form of a circle from the surface to the total depth of each well so drilled. It is agreed that Lessee shall not drill a well within three thousand (3,000) feet of any well drilled by Lessor without Lessor's consent.

9. If Lessor drills any of the above firm and option wells at an accelerated rate, the time shall be cumulative.

10. At the conclusion of the above set out drilling program, inclusive of firm and option wells, Lessee shall continue to reasonably and prudently develop the subject leasehold tract.

Except as amended and modified hereby, Lessor and Lessee hereby adopt, ratify and confirm the subject lease, and Lessor does hereby lease, demise and let all acreage covered thereby unto Cabot Oil & Gas Corporation of West Virginia, its successors and assigns, subject to and in accordance with all the terms of said lease, as amended hereby, and Lessor agrees and declares that said lease is binding on Lessor, all of its terms and provisions as amended and is a valid and subsisting oil and gas lease.

IN WITNESS WHEREOF, this instrument is executed this 9th day of May, 1984 and effective February 18, 1981

LESSEE:

CABOT OIL & GAS CORPORATION OF WEST VIRGINIA

By: [Signature]
Its: J. Henry Tanner - Vice President

LESSOR:

SHONK LAND COMPANY, LTD.

By: [Signature]
Its: J. S. Starn

STATE OF TEXAS

COUNTY OF HARRIS, to-wit:

I, JUDY E. MARQUART, a Notary Public for TEXAS, do certify that J. HENRY TANNER who signed the writing hereto annexed for CABOT OIL & GAS CORPORATION OF WEST VIRGINIA, bearing date the 1st day of February, 1981, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 12th day of October, 1984.

My Commission Expires: December 31, 1984

[Signature]
Judy E. Marquart
Notary Public in and for
Harris County, Texas

STATE OF West Virginia

COUNTY OF Kanawha, to-wit:

I, Kevin W. Lee, a Notary Public of said County, do certify that J.S. Stevens Jr. who signed the writing hereto annexed for SHONK LAND COMPANY, LTD. bearing date the 18 day of February, 1981, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 9 day of May, 1984.

My Commission Expires:
May 31 1989

Kevin W. Lee
Notary Public

This instrument was presented to the Clerk of the County Commission of Kanawha County, West Virginia, on and the same is admitted to record. NOV 5 - 1984

Teste: Margaret S. Miller Clerk
Kanawha County Commission

Prepared by:
Lowell D. Greenwood
P. O. Box 628
Charleston, WV 25322

0089T

State of West Virginia, Deeds Office, Clerk's Office,
The Clerk of the County Commission of Kanawha County,
West Virginia, OCT 2 1984
Teste: Arthur Gore Esther Dunlap
64 6926 356

CORRECTION INSTRUMENT

THIS AGREEMENT is dated this 15th day of August, 1986 but
→ effective for all purposes from and after the 18th day of February, 1981,
between SHONK LAND COMPANY, LTD. a partnership, sucessor to Shonk Land
Company, a corporation, hereinafter called Lessor, and CABOT OIL & GAS
CORPORATION OF WEST VIRGINIA, a Delaware corporation authorized to do business
in the State of West Virginia, and formerly named APPALACHIAN EXPLORATION &
DEVELOPMENT, INC., and CABOT OIL & GAS CORPORATION, hereinafter called Lessee;

W I T N E S S E I H:

THAT, WHEREAS, by a Lease dated May 20, 1930, and recorded in the
County Clerk's Office of Kanawha County, West Virginia, in Lease Book 57, Page
3, the Shonk Land Company, a corporation, leased to Larnar Gas Company, a
corporation, all oil and gas in and under a certain boundary of land situated
in Cabin Creek District, Kanawha County, West Virginia; and

WHEREAS, by court orders set out in a suit in the United States
District Court for the Southern District of West Virginia, in the case of
Benjamin M. Kave, et al. v. Larnar Gas Company, Stanley C. Morris, Special
Commissioner, conveyed all interest in the aforesaid lease to Donald C. Shonk
by an instrument in writing dated February 11, 1939, and recorded in the
County Clerk's Office of Kanawha County, West Virginia, in Lease Book 83, Page
407; and

WHEREAS, by an instrument in writing dated April 27, 1939, the said
Donald C. Shonk conveyed and assigned to said Godfrey L. Cabot, Inc., all his
right, title, and interest in said oil and gas lease; and

WHEREAS, by agreement dated April 28, 1939, and recorded in the
County Clerk's Office of Kanawha County, West Virginia, in Lease Book 83, Page
475, the Shonk Land Company, a corporation, granted to said Godfrey L. Cabot,
Inc., certain modifications and terms as set out in the original lease dated
May 20, 1930, and recorded in said Clerk's Office in Lease Book 57, Page 3; and

WHEREAS, Godfrey L. Cabot, Inc., has merged with other corporations
to be known as Cabot Corporation, a corporation organized and existing under
and by virtue of the general corporation law of the State of Delaware, as
evidenced by a Certificate of Incorporation, of record in said Clerk's Office
in Certificate of Incorporation Book 127, Page 17; and

WHEREAS, the said Cabot Corporation by an agreement dated the 6th day
of April, 1971, conveyed and assigned all their interest in and to said oil
and gas lease unto Appalachian Exploration and Development, Inc., a Delaware
corporation, and of record in said Clerk's Office in Assignment Book 74, Page
187; and

WHEREAS, Lessee has lawfully changed its name to CABOT OIL & GAS
CORPORATION OF WEST VIRGINIA; and,

WHEREAS, the Lessor and Lessee have agreed to modify, amend and
ratify such lease as to all portions thereof now owned by CABOT OIL & GAS
CORPORATION OF WEST VIRGINIA;

NOW, THEREFORE, for and in consideration of the premises, the mutual
covenants hereinafter set forth, TEN AND NO/100 DOLLARS (\$10.00) plus other
good and valuable consideration, cash in hand paid each to the Lessor, the
receipt of which is hereby acknowledged, the undersigned Lessor and Lessee do
hereby agree to modify and lease as to the leasehold portions and estate now
owned of record by Cabot Oil & Gas Corporation of West Virginia as follows:

1. Lessee is hereby relieved of any past, present or future duty
under the subject lease to bury pipelines, except as may be required by
applicable state or federal law. Any reference to burial of pipelines in the
subject lease is hereby deleted.

2. Lessee's oil and gas operations are no longer to be held subservient to coal operations which have been, are being, or which may be conducted on the subject leasehold tract, except as may be required by applicable state or federal law.

As consideration for all the above, Lessee agrees as follows:

1. Lessee agrees to drill four (4) firm wells during the four (4) years following January 1, 1981. It is further agreed that the first such well shall be spudded and completed within two (2) years of the effective date of this agreement. Lessee agrees to plug and abandon any dry hole drilled within a reasonable time.

2. Lessee has the further option beginning January 1, 1985 to drill two (2) wells per year for a three (3) year period. If Lessee does not drill each well for which it has an option to drill under this paragraph, then Lessor shall be entitled to drill any well not so drilled by Lessee.

3. Lessee shall be entitled to a one-sixteenth of eight-eighths (1/16 of 8/8) overriding royalty interest on all wells drilled by Lessor or any third party on the subject leasehold.

4. With reference to any pipelines or gathering line to be installed on the premises subsequent to the date of this instrument, upon the completion of any future well on this property as a producer, Lessee shall make available the well location information along with a map showing the proposed site of the gathering line thereof to the Lessor. Furthermore, Lessee shall pay for damages caused by its operations to growing crops, trees, and fences located on the premises.

5. Lessee, during the term of this lease, shall pay all taxes assessed upon the buildings, structures, fixtures, improvements and other property erected or placed by Lessee upon the demised land, and shall also pay all the taxes which may be assessed upon Lessee's interest in this oil and gas lease and the West Virginia Business and Occupation taxes assessed on the gas and oil produced hereunder. Lessor shall pay all state ad valorem taxes on the ownership of the oil and gas in place hereunder, as well as any other taxes on Lessor's interest herein.

6. The language on page three of the May 20, 1930, lease as well as the first two paragraphs on page four thereof are hereby deleted and the following language is added in lieu thereof:

Lessee shall deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect his wells the equal one-eighth (1/8) part of all oil or liquid hydrocarbons produced and saved from the premises, and shall pay Lessor on gas, including casinghead gas and other gaseous substances, produced from the premises and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the general wholesale market price at the well of one-eighth (1/8) of the gas so sold or used; provided that on gas sold on the premises the royalty shall be one-eighth (1/8) of the amount realized from the sale of gas as such; and provided that in no event shall the gas royalty payable hereunder be computed on the basis of a price the collection of which by Lessee is unlawful or prohibited by order or regulation of any governmental authority having jurisdiction. Payment for royalty in accordance herewith shall constitute full compensation for the gas and all of its components.

7. The following paragraph shall be inserted immediately before the first full paragraph on page six of the aforementioned lease:

In the event Lessee and the coal operators, owners or coal lessees, if any, cannot agree as to any proposed future

well locations, then the parties hereto as well as their assigns agree to (i) let the well location issue be resolved by the West Virginia Department of Mines in accordance with Chapters 22-4-3, 29A-5-1 and 29A-5-2 of the West Virginia Code, as amended and (ii) to be bound by the final decision of the said Department of Mines.

B. Upon completion, any well drilled by Lessor under paragraph three next above, shall earn fifty (50) acres surrounding each such well in the form of a circle from the surface to the total depth of each well so drilled. It is agreed that Lessee shall not drill a well within three thousand (3,000) feet of any well drilled by Lessor without Lessor's consent.

9. If Lessee drills any of the above firm and option wells at an accelerated rate, the time shall be cumulative.

10. At the conclusion of the above set out drilling program, inclusive of firm and option wells, Lessee shall continue to reasonably and prudently develop the subject leasehold tract.

Except as amended and modified hereby, Lessor and Lessee hereby adopt, ratify and confirm the subject lease, and Lessor does hereby lease, demise and let all acreage covered thereby unto Cabot Oil & Gas Corporation of West Virginia, its successors and assigns, subject to and in accordance with all the terms of said lease, as amended hereby, and Lessor agrees and declares that said lease is binding on Lessor, all of its terms and provisions as amended and is a valid and subsisting oil and gas lease.

IN WITNESS WHEREOF, this instrument is executed this 15th day of August, 1986, but effective from and after February 18, 1981.

This instrument takes the place of and supersedes that instrument between Lessor and Lessee recorded in Volume 225, Page 688, of the Lease Records of Kanawha County, West Virginia.

LESSEE:

CABOT OIL & GAS CORPORATION
OF WEST VIRGINIA

BY: Robert L. Lincecum

Robert L. Lincecum
Its: Attorney-in-Fact

LESSOR:

SHONK LAND COMPANY, LTD.

BY: J. S. Starnes

Its: _____

#18331
#00521

STATE OF TEXAS
COUNTY OF HARRIS

§
§
§

BEFORE ME, a Notary Public, on this day personally appeared ROBERT L. LINCECUM, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the ATTORNEY-IN-FACT of CABOT OIL & GAS CORPORATION OF WEST VIRGINIA, a Delaware corporation, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act of said corporation.

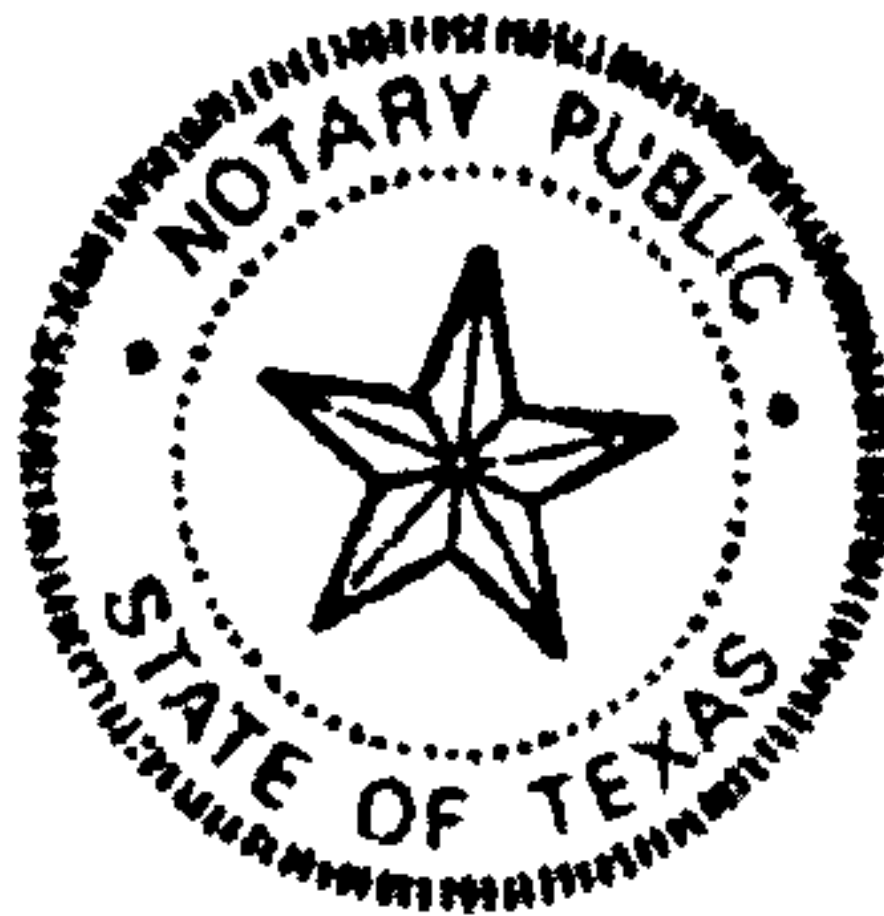
GIVEN UNDER MY HAND AND SEAL OF OFFICE this 15th day of August, 1986.

Judy E. Marquart
Notary Public in and for
Harris County, Texas

JUDY E. MARQUART

MY COMMISSION EXPIRES:

December 31, 1988



STATE OF WEST VIRGINIA

COUNTY OF _____

§
§
§

I, a notary of said county, do certify that _____ who signed the writing above bearing the date the _____ day of _____, 1986, for SHONK LAND COMPANY, LTD. has this day in my said county, before me acknowledged the said writing to be the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this _____ day of _____, 1986.

Notary Public in and for
_____ County, West Virginia

MY COMMISSION EXPIRES:

#18331
#00521

Attachment B

LEASE AMENDMENT AND RATIFICATION (SHONK/LARNER LEASE)

THIS LEASE AMENDMENT AND RATIFICATION, is made and entered into and effective as of this 31st day of December, 2015, by and between Shonk Land Company, LLC, a West Virginia Limited Liability Company, hereinafter referred to as "Shonk" or "Lessor," and Cabot Oil & Gas Corporation, a Delaware corporation, hereinafter collectively referred to as "Cabot" or "Lessee". The Lessor and Lessee together may be collectively referred to as the "Parties."

WHEREAS, Shonk is the current owner and holder of the interests of the lessor and Cabot is the current owner and holder of the interests of the lessee under that certain Agreement dated the 20th day of October, 1930, recorded in Lease Book 57 Page 3 in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, as amended by an unrecorded "Correction Instrument" dated the 15th day of August, 1986, , together with any and all other amendments, ratifications and modifications thereto that may be of record, hereinafter referred to as the "Shonk/Larner Lease" or "Lease;" and

WHEREAS, the Parties do hereby agree to amend and modify said Shonk/Larner Lease as to certain terms and conditions therein contained;

NOW THEREFORE, in consideration of Ten and 00/100 Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Parties do hereby agree to amend and modify said Shonk/Larner Lease effective as of the date of this document, as follows, to-wit:

The above-described Shonk/Larner Lease shall hereinafter be amended to include the following provisions:

I. ROYALTIES ON NATURAL GAS.

a. How Calculated. Commencing from the production month following the effective date of this Lease Amendment and Ratification, on gas produced Lessee shall pay royalty based on one-eighth of the wellhead volume for each well, at a price equal to One Hundred Percent (100%) of the published index price (\$/MMBtu) as reported in "Platt's Inside FERC's Gas Market Report" for Dominion Transmission, Inc., for gas delivered in the "Appalachian" subheading, hereinafter referred to as the "Dominion Index". For reference purposes, the formula for calculating the monthly royalty due Lessor is as follows:

$$\text{Wellhead MCF} \times \text{Btu factor-wel at the well} = \text{MMBtu-wel}$$

x (Dominion Price Index/MMbtu-dry/.98621 - Dominion Price Index/MMbtu-wet))

x .125 Royalty

= Total Royalty Due

Except as stated above and as may be included in the Index Price, no other deductions from the royalty due Lessor are authorized or permitted for costs, expenses or other things of value incurred by Lessee or other party for exploring for, marketing or transporting the gas to market including, but not limited to, any costs of production, gathering, transportation, marketing, processing or other post-production expense of any kind.

b. Changes to Methodology. In the event the publication of the Dominion Index no longer is available, or the parties agree that it no longer is a relevant and applicable measure of the value of gas being sold at the interconnection with Dominion's gathering and transmission pipelines in the vicinity of the Shonk/Larner Lease, Lessee shall give Lessor sixty (60) days advance notice, in writing, of its intent to use a different index or measure of price on which the royalty is to be calculated and paid. The index or market price selected shall be based on arms-length sales by multiple parties and which is published by an independent third-party at specific sales points, if available. Within thirty (30) days after receipt of the written notice from the Lessee, Shonk shall give notice to Lessee if it disagrees with the index or measure adopted by Lessee; otherwise, the substitute index or publication shall be deemed agreed to and acceptable. If the Lessor has timely given notice that it disagrees, then the parties shall thereafter negotiate for a period not to exceed thirty (30) days in a good faith effort to agree upon the index or other measure on which royalties shall be paid that best reflects the value of gas sold hereunder at the nearest commercial marketplace to the field in which production occurs. If within thirty (30) days the parties are unable to agree upon an alternative index or other measure of the value of gas at the nearest commercial marketplace, then the parties shall submit the issue to an impartial and independent single arbitrator mutually selected by the agreement of the parties or, if the parties are unable to agree, an individual with experience in Appalachian Basin oil and gas leasing, gas marketing and sales, to be appointed by the Chief Judge of the United States District Court for the Southern District of West Virginia. The arbitration shall be conducted in a manner consistent with the "Expedited Procedures" set forth in the Commercial Arbitration Rules of the American Arbitration Association (AAA), although the claims will not be administered by the AAA. Each party shall bear its own costs of the arbitration and shall share the cost of the arbitrator. The decision of the arbitrator shall be binding. If the index price or other measure of price selected by the arbitrator is different from the one selected or used by Lessee to calculate the royalty, Lessee shall retroactively make any adjustments in the

royalty due Lessor as may be required based on the selected index price or other measure of price. With the foregoing exception relating to a change in the index or other measure of price, no other change in the methodology for calculating Lessor's royalty is authorized or allowed in the absence of Lessor's express written consent to such change. This provision is not intended to be applicable to changes such as new or upgraded software or other administrative changes which do not relate to the measurement of gas, determination of index price, or similar material components of the royalty payment methodology, and which do not alter the amount of royalty due Lessor as set forth in paragraph 1.a. above.

c. Paragraphs 1.a. and 1.b. above relate to royalties on natural gas only, and are not intended to replace the existing Lease provision governing royalties on oil.

2. **GAS MEASUREMENT.** The wellhead volume shall be determined by measurement by meters at the well. All existing wells shall be metered at the well head as of December 1, 2014 and all new wells drilled on and after the effective date of this Lease Amendment and Ratification shall be metered at the well head. Upon request of Lessor, Lessee will make available to Lessor for inspection the well head meter records or such other records as may be necessary to confirm that the reported volumes on the royalty statement are correct. If Lessor challenges the accuracy of any meter, Lessee shall upon written request of Lessor and at Lessor's expense have the meter tested and adjusted or repaired, and Lessor shall have the right to have its respective representative present during such tests, adjustments or repairs. If the test shows a meter to be two percent (2%) or more inaccurate, then registration shall be corrected at the rate of such inaccuracy for any period which is definitely known and agreed upon, but if the period is not definitely known and agreed upon, then for a period extending back one-half (1/2) of the time elapsed since the last previous test or calibration. During such time as a meter is out of repair, the natural gas may be delivered through a bypass and the quantity estimated by use of the readings of the repaired meter when replaced. If the test shows inaccuracy of two percent (2%) or more, then any costs paid by Lessor for such testing shall be reimbursed by Lessee.

3. **MAPS.** In the event Lessee drills any new wells, installs any new pipelines, compressor stations or other above ground structures which might interfere with Lessor's or any coal lessee's operations on the premises, Lessee shall provide to Lessor within no later than sixty days after completion of a well or installation of the pipelines, maps showing the location of any such wells, pipelines, stations or other above ground structures.

4. **SURFACE DAMAGES.** Lessee agrees to pay Lessor for any surface damages arising from or related to Lessee's operations on the lease in accordance with the requirements of the Surface Damage Compensation Act, W.Va. Code § 22-7-1, et seq., the Horizontal Well Control Act, W. Va. Code § 22-6A-1 et seq., and W. Va. Code § 22-6B-1 et seq.

5. **OBLIGATIONS UPON TERMINATION OR SURRENDER OF LEASE; PLUGGING AND REMOVAL OF PIPELINES AND EQUIPMENT.** In the event the Lease or any portions thereof are surrendered or terminated, Lessee shall remain responsible for the plugging and abandonment of any wells as may be required under the existing provisions of West Virginia law. With respect to pipelines on the acreage surrendered or terminated and which are no longer to be utilized and operational, Lessee shall either remove the pipelines or, with respect to buried pipelines, abandon them in place. For all pipelines left on the premises, Lessee shall provide a written waiver of any right to ownership or operation of the pipelines; provided, however, that unless Lessor takes some action to assume control over or to affect the condition or placement of the pipelines, Lessee shall remain responsible for any liability related to or arising from the pipelines as abandoned in place. If the pipelines are on the surface, Lessee will remove the pipelines after the surrender or termination of the lease; provided that i) if the area in question is to be surface mined within two years, the pipelines may be abandoned in place; ii) if the area in question is to be surface mined more than two years after the surrender or termination of the lease premises in question, the pipelines may be abandoned in place subject to Lessor's consent.

6. **NON-PRODUCTIVE OR INACTIVE WELLS.** In the event any wells become incapable of production in paying quantities, as defined and calculated below, Lessee shall either plug the wells as required under existing West Virginia law and regulations, or seek inactive status with the West Virginia Department of the Environment, Office of Oil and Gas, as provided under Title 35 of the Code of State Regulations, Series 5. As required under the Inactive Status regulations, no well may be on inactive status for more than five years. "Paying quantities" is defined as the cumulative revenues from production that exceed the cumulative costs of operating the well over a continuous twenty-four month period. Revenues and costs for operating a well shall be defined as those evidenced by the "LOS detail Stmt-Net" report supplied by Cabot, an example of which is attached to this agreement as Exhibit 1. If this report is not available in the future, the calculation shall use like components to replicate this report. Lessee shall have the burden of proving the revenues from production and the actual operating costs of the well and shall tender upon request backup accounting data and operations records to verify the actual costs of operations. In the event the Lessor is not satisfied with the accounting and operations records tendered, Lessor shall have the right to audit the records of Lessee.

7. **INDEMNITY.** Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, demands, judgments, suits and claims of any kind or character arising out of, in connection with, or relating to Lessee's operations under the terms of the Lease, including but not limited to, environmental issues, claims for injury to or death of any persons, or damage, loss or destruction of any property, real or personal, under any theory of tort, contract, or strict liability except to the extent such claims are caused by or arise from actions of Lessor. Lessee further covenants and agrees to defend any suits brought against Lessor on any claims, and to pay any judgment against Lessor resulting from any suit or suits, together with all costs and

expenses relating to any claims, including attorney's fees, arising from Lessee's operations under the terms of this Lease except to the extent such claims are caused by or arise from actions of Lessor. Lessor, if it so elects, shall have the right to participate, at its sole expense, in its defense in any suit or suits in which it may be a party.

8. **ADDITIONAL INSURED.** Lessor shall be named as an additional insured on Lessee's commercial general liability insurance policy with respect to indemnity obligations stated above and Lessee shall provide, upon request of Lessor, documentation establishing such insurance and the amount.

9. **CONSENT TO ASSIGN.** If Lessee desires to assign all or a portion of this Lease, Lessee shall provide to Lessor at least thirty (30) days' prior written notice of such assignment. Lessee shall not assign all or a portion of this Lease without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed; provided, however, that such consent shall not be required in the event of a merger, a sale of all or substantially all of Lessee's assets, or a transfer to a wholly-owned affiliate or subsidiary of Lessee. It is provided, however, that if Lessee has transferred this Lease to an affiliate or subsidiary, and should such affiliate or subsidiary or its assets cease to be wholly-owned by Lessee, directly or indirectly, then the action or activity by which such affiliate or subsidiary shall cease to be an affiliate or subsidiary of Lessee shall be deemed an assignment of the Lease for the purposes of this paragraph. Upon receipt of a written request from Lessor received within five (5) days of the notice of assignment and upon Lessor's execution of a confidentiality agreement produced by Lessee, Lessee shall provide to Lessor relevant non-public information in the possession of Lessee or to which Lessee has access regarding the credit-worthiness of the proposed assignee. In the event Lessor fails to respond within fifteen (15) days of receipt of notice of such assignment from Lessee, or within fifteen (15) days after receipt of financial information requested, whichever is later, then Lessor shall be deemed to have consented to such assignment.

10. **SUCCESSORS AND ASSIGNS.** This Lease Amendment and Ratification and the Shonk/Larner Lease, as amended and modified, shall be binding on each of the Parties' successors and assigns.

11. **RATIFICATION.** Lessor ratifies, adopts, and confirms the Shonk/Larner Lease to be in full force and effect, as modified, and grants, leases, and lets unto Lessee and Lessee's successors and assigns under the terms stated above all of the rights previously granted by the Lessor to Lessee in the Shonk/Larner Lease that have not heretofore been surrendered, terminated, modified, sold or assigned or leased to others. Lessor further ratifies and consents to the continued use and operation of the wells, pipelines, compressors and other facilities now existing on the Shonk/Larner Lease, and ratifies the right of Lessee to use and possess such rights as Lessor possesses in rights of way, easements and rights of ingress and egress, including

the right to continue all operations currently in use and as may be necessary for future drilling or operations on the Shonk/Larner Lease. Nothing in this Lease Amendment and Ratification shall be construed to mean or imply that the Shonk/Larner Lease lapsed, terminated or expired at any time between its inception and the date hereof.

12. **PRECEDENCE OF TERMS.** To the extent not otherwise modified or amended by this Lease Amendment and Ratification, all other currently existing and applicable terms in the Shonk/Larner Lease shall continue in full force and effect. In the event of a conflict between the term of the Shonk/Larner Lease and this Lease Amendment and Modification, the terms of the Lease Amendment and Modification shall control.

13. **INTERPRETATION OF TERMS.** This Lease Amendment and Ratification was drafted by the joint efforts of the Parties, assisted by legal counsel of their own choosing. No ambiguities or interpretations of this document shall be resolved against either of the Parties as the drafter.

14. **CONFIDENTIALITY; RECORDING.** The terms of this Lease Amendment and Ratification are confidential and may not be disclosed to any person or entity without the prior written consent of the Parties. In the event any subpoena, discovery request, court process or other efforts are made to obtain a copy of this document or the terms of this Lease Amendment and Ratification, the party receiving any such subpoena, discovery request, court process or other efforts shall give prompt written notice to the other party and cooperate to keep the terms of this document confidential. It is further understood and agreed that a Memorandum of Lease or Memorandum of Lease Amendment and Ratification shall be recorded in lieu of recording a copy of this document.

15. **GOVERNING LAW.** This Lease Amendment and Ratification shall be interpreted and construed pursuant to the law of the State of West Virginia.

16. **INTEGRATION AND AMENDMENTS.** This Lease Amendment and Ratification supersedes any prior negotiations or agreements related to the terms of this document. No amendment or modifications of this document shall be valid except by the written agreement of the Parties.

17. **NOTICES.** Any notices to be delivered or sent to the Parties shall be sent to the following addresses:

Kimberly K Browning, Controller
Jay S. Stevens, IV, Manager
Shonk Land Company LLC
194 Summers Street
Charleston, WV 25301

Cabot Oil & Gas Corporation
Attn: Land Department
2000 Park Lane
Suite 300
Pittsburgh, PA 15275-1121

In conjunction herewith, this document is executed by the duly empowered and authorized officers, members or representatives of the Parties effective as of the date stated above.

EXECUTED this 23rd day of December, 2015.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;

SEPARATE SIGNATURE PAGES FOR LESSOR AND LESSEE ATTACHED

Lessor/Shareholder

By: [Signature]

Its: Manager

ACKNOWLEDGMENT

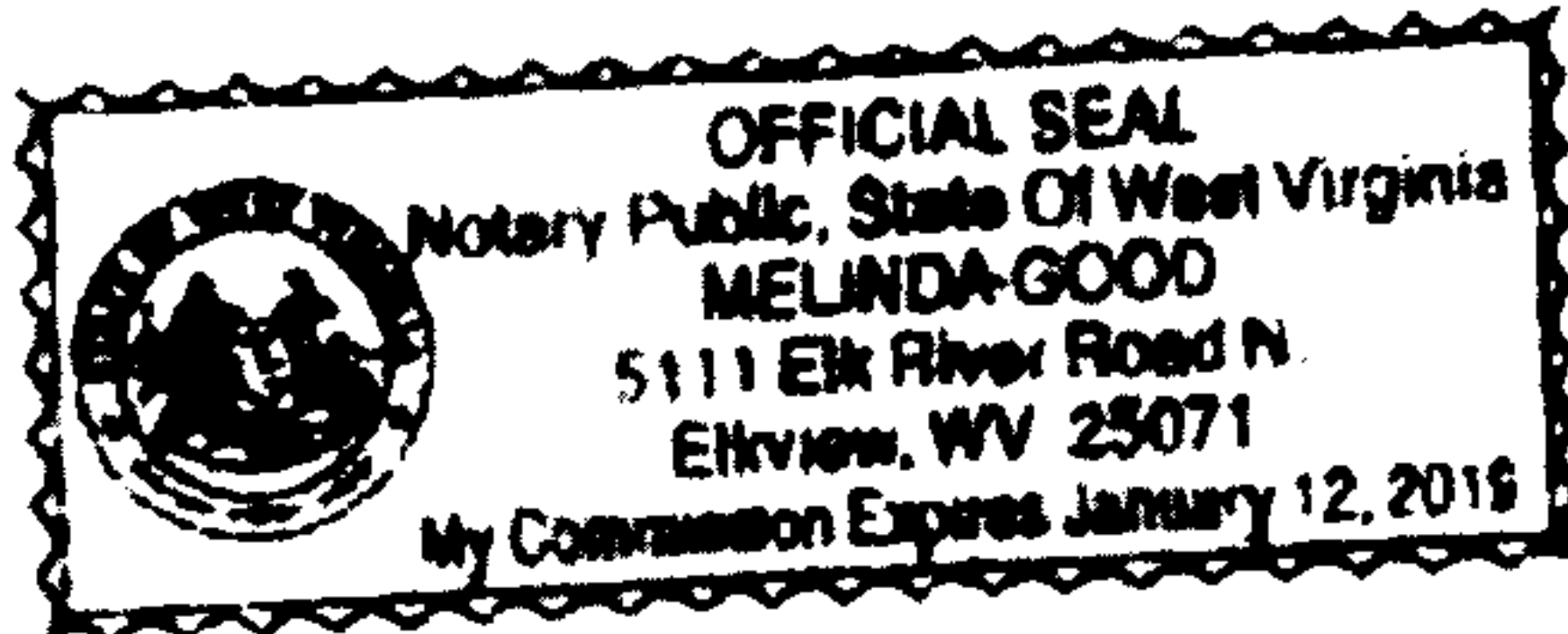
STATE OF West Virginia:

COUNTY OF Putnam

On this the 1st day of April, 2015, before me, the undersigned authority, personally [Signature] appeared

[Signature], who, being duly sworn according to law, depose and say that they executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



My Commission Expires: January 12, 2019

Signature/Notary Public: [Signature]

Name/Notary Public (print): Melinda Good

Lessee/Cahot:

By: _____

Its: V.P. & General Counsel

ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF Tarrant

On this the 23rd day of December, 2015, before me, the undersigned authority,
personally M. Kevin Cunningham appeared

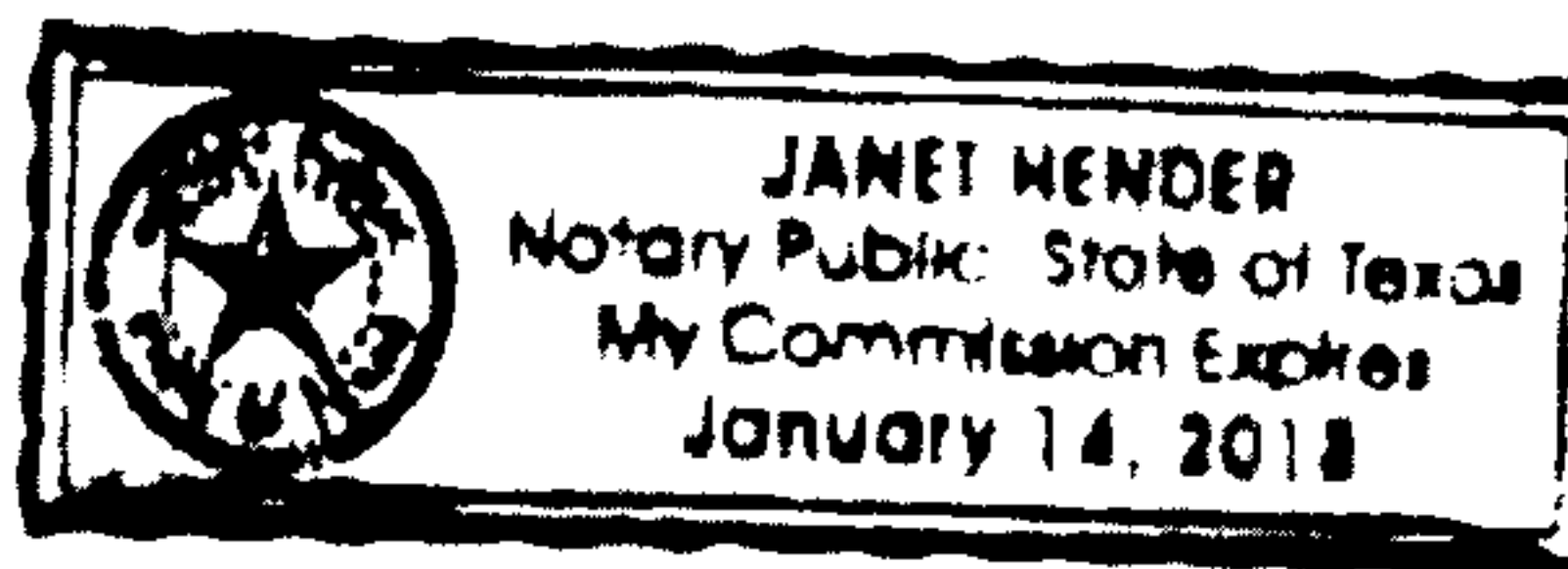
who acknowledged himself to be the V.P. & General Counsel
Cahot Oil & Gas Corp., and that he as such V.P. & General Counsel, being
authorized to do so, executed the foregoing instrument for the purposes therein contained by
signing the name of the corporation by himself as V.P. & General Counsel.

IN WITNESS WHEREOF, I hereunto set my hand and official seal

My Commission Expires: 1/14/18

Signature/Notary Public: Janet Hender

Name/Notary Public (print): Janet Hender



Attachment C



BY:

July 12, 2017

CERTIFIED MAIL 71607925757130003256

SHONK LAND COMPANY
THE JOHN J SHONK BUILDING
194 SUMMERS STREET
PO BOX 969
CHARLESTON, WV 25324-0969

RE: Oil and Gas Lease dated 5/20/1930
SHONK LAND COMPANY and LARNER GAS COMPANY
Volume 57, Page 3
BOONE COUNTY, WV
Cabot Lease # 47-0000641

Dear Lessor:

Cabot Oil & Gas Corporation ("Cabot") is planning to assign all its right, title and interest in the lease(s) described above to:

Carbon West Virginia Company, LLC
c/o Carbon Natural Gas Company
1700 Broadway, Suite 1170
Denver, CO 80290

Carbon West Virginia Company, LLC ("Carbon") is an affiliate company of Carbon Natural Gas Company, headquartered in Denver, Colorado with a region office in Lexington, Kentucky. Carbon Natural Gas Company owns working and royalty interests in over 800 oil and gas wells located in the states of Kentucky, Illinois, Indiana, Ohio, Tennessee and West Virginia. The company is listed on the OTC: BB and trades under the symbol CRBO.

Pursuant to the terms of the above referenced agreement(s), Cabot hereby requests your consent to assign to Carbon. Please sign below indicating your consent and return a copy of this letter in the enclosed envelope.

Very truly yours,

Debbie Mauger
Senior Land/Lease Analyst
281-848-2649
Debbie.mauger@cabotog.com

Encl.

Consent is hereby granted

By:

Name:

Date:

Attachment D

SHONK LAND COMPANY LLC
A SUBSIDIARY OF SHONK-DEL LLC

P. O. BOX 969

CHARLESTON, WEST VIRGINIA 25324

304-344-2455 • FAX 304-344-2467

July 19, 2017

FedEx : 779687188686

Cabot Oil & Gas Corporation
Attn.: Debbie Mauger
P. O. Box 4544
Houston, TX 77210-4544

Reference: Oil and Gas Lease dated 05/20/1930
SHONK LAND COMPANY and LARNER GAS COMPANY
Volume 57, Page 3
BOONE COUNTY, WV
Cabot Lease # 47-0000641

Dear Ms. Mauger,

Pursuant to Section 9 of the "Lease Amendment and Ratification (Shonk/Larner Lease)," dated December 31, 2015, please consider this letter as a request by the Lessor, Shonk Land Company, to be provided with relevant non-public information in the possession of the Lessee, or to which the Lessee has access, regarding the credit-worthiness of the proposed assignee. In this regard, if the Lessee has produced a confidentiality agreement for execution by the Lessor, please forward it to me as soon as reasonably possible.

Respectively, .

SHONK LAND COMPANY LLC


Thomas Lon Shannon
Special Assistant To The Manager

Attachment E

Debbie Mauger

From: Debbie Mauger
Sent: Monday, July 24, 2017 3:20 PM
To: 'Melinda Good'
Subject: RE: Cabot Lease # 47-0000641
Attachments: Shonk letter dated 7-21-2017.pdf

Melinda – Cabot is in receipt of your letter dated July 21, 2017 – attached. The 10Q that has been provided is the total information that Cabot has in its possession regarding Carbon's financial wherewithal.

Thanks,

Debbie

From: Debbie Mauger
Sent: Thursday, July 20, 2017 10:44 AM
To: 'Melinda Good' <melinda@shonk.com>
Cc: Todd Liebl <todd.liebl@cabotog.com>
Subject: RE: Cabot Lease # 47-0000641

Melinda – Per my telephone conversation with Mr. Shannon, please find attached Carbon's 10Q for the first quarter of 2017.

Thanks,

Debbie

From: Melinda Good [mailto:melinda@shonk.com]
Sent: Wednesday, July 19, 2017 3:12 PM
To: Debbie Mauger <Debbie.Mauger@cabotog.com>
Subject: Cabot Lease # 47-0000641
Importance: High

Please confirm receipt of the attached document.

Thanks,
Melinda Good
Production / Revenue Accountant
Gasco, LP
Shonk Land Company
304-414-5644

Attachment F

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ACQUISITIONS & DIVESTITURES

UNITED STATES

Carbon Natural Gas Corrals Appalachian Producing Assets In \$21.5 Million Acquisition

Thursday, August 17, 2017 - 8:15am

Carbon Natural Gas Co. picked up Appalachian natural gas producing properties and related facilities for about \$21.5 million, the Denver-based company said Aug. 16.

The assets, located primarily in West Virginia, currently produce roughly 7.5 million cubic feet per day (MMcf/d), net (100% gas). Proved developed producing reserves are estimated at 52 Bcf, as of July 1.

The acquisition also included about 311 miles of natural gas pipelines, gathering lines and related compression facilities.

Carbon said its affiliate, Carbon Appalachian Co. LLC, completed the acquisition on Aug. 15. The seller was undisclosed.

Additionally, Carbon Appalachian will fund as part of the acquisition an inventory of field development and enhancement projects and general working capital, according to the company release.

Effective with the closing of the transaction, Carbon also said Aug. 16 it increased its current ownership in Carbon Appalachian to 16% from 3%.

Carbon Appalachian was formed in April by Carbon, as manager, and two institutional investors with an initial equity commitment of \$100 million to acquire producing assets in Southern Appalachia. Carbon has the ability to earn additional ownership interests of Carbon Appalachian after a return threshold is met, the release said.

Carbon operates 5,000 wells in the southern Appalachian Basin where the company is currently focused on a counter strategy to "go where they ain't." CEO Patrick R. McDonald said during an A&D panel at Hart Energy's DUG East conference in Pittsburgh in late June.

"We came to the conclusion that [the Marcellus Shale] was going to become a big boy play and we didn't have the capital to properly compete," he said.

VIDEO (requires subscription) • Roundtable: A&D Resurgence in Appalachia (2017)

McDonald also added that the consolidation of the large independents in Appalachia—such as EQT Corp. (NYSE:EQY) and Rice Energy Inc. (NYSE:REE)—gives his team the opportunity to slip in and acquire legacy properties.

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RECOMMENDED

 ACQUISITIONS & DIVESTITURES NAPE: Chesapeake CEO Lawler Aims For 'All's Well That Ends Well'	 ACQUISITIONS & DIVESTITURES WildHorse Jumps To Eagle Ford Shale With Louisiana Asset Sale	 ACQUISITIONS & DIVESTITURES Devon Energy To Sell Barnett Shale Chunk For \$553 Million	 ACQUISITIONS & DIVESTITURES QEP Sales Event: Half-Million Acres Outside Permian Up For Grabs	 ACQUISITIONS & DIVESTITURES Halcón Swoops Down On \$381 Million In Delaware Basin Deals
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Attachment G

SHONK LAND COMPANY LLC
A SUBSIDIARY OF SHONK-DEL LLC

P. O. BOX 969

CHARLESTON, WEST VIRGINIA 25324

304-344-2455 • FAX 304 344-2467

July 31, 2017

FedEx : 7797 7213 6185

Cabot Oil & Gas Corporation
Three Memorial City Plaza
840 Gessner Road, Suite 1400
Houston, TX 77024-4544
Attention: Debbie Mauger

Reference: Oil and Gas Lease dated 05/20/1930
SHONK LAND COMPANY and LARNER GAS COMPANY
Volume 57, Page 3
BOONE COUNTY, WV
Cabot Lease # 47-0000641

Dear Ms. Mauger,

By letter dated July 12, 2017, you requested the consent of Shonk Land Company for the transfer of the captioned oil and gas lease, as amended (the "Larner Lease") from Cabot Oil & Gas Corporation to Carbon West Virginia Company, LLC. Since we were not familiar with the proposed assignee, as contemplated by the provisions of the Larner Lease we requested that Cabot supply us with relevant non-public information regarding the credit worthiness of the proposed assignee. By email dated July 20, 2017, Cabot supplied us with the 10-Q for Carbon Natural Gas Company for the first quarter of 2017 (the "10-Q"), and by email dated July 24, 2017, Cabot informed us that the 10-Q was all the non-public information to which it had access concerning the proposed assignee.

Initially we note that although the 10-Q describes a complex corporate and financial structure for Carbon Natural Gas Company, it does not describe or even mention Carbon West Virginia Company, LLC, the proposed assignee. Accordingly, we have no information concerning the status or credit worthiness of the entity to which Cabot proposes assigning our lease. Obviously that alone is a clear reason why we cannot consent to the proposed assignment.

Cabot Oil & Gas Corporation
Debbie Mauger
July 31, 2017
Page 2

Assuming that the assignment were being made to Carbon Natural Gas Company, or if Carbon Natural Gas Company were somehow to be directly responsible for the performance of the obligations of lessee under the Larner Lease, we would still be uncomfortable concerning the proposed assignment. While the 10-Q indicates improved financial performance in the first quarter of 2017 over the first quarter of 2016, the ceiling test impairment affecting Carbon Natural Gas Company in 2016 is a troublesome fact with respect to the financial stability of that company. Indeed we note that the 10-Q indicates the possibility of future ceiling test impairments in the future. This, coupled with what is apparently a tightly drawn credit facility, gives us concerns about the financial ability of Carbon Natural Gas Company to perform its obligations under the lease, again assuming it and not Carbon West Virginia Company was the proposed assignee. We have other concerns that the 10-Q raises for us, and can discuss those with you if you wish. In any event, it seems clear to us that Carbon Natural Gas Company is a far less creditworthy entity than Cabot.

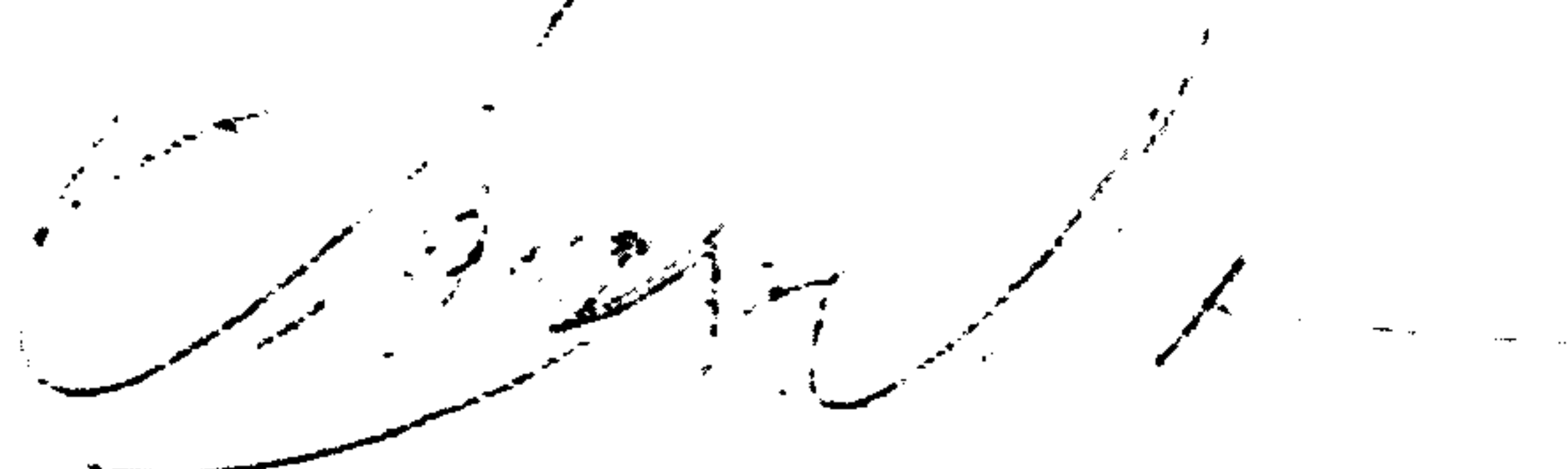
While we are certainly concerned with the ability of a lessee to honor its financial obligations for payments to the lessor, such as royalties, we are equally concerned with the impact that potential financial problems could have on the ability or willingness of a lessee to prudently and safely conduct operations on our lands. As an example, any release of hydrocarbons or hazardous materials on our lands could cause us not only to incur substantial costs and expenses but also affect the value and usefulness of the lands for decades to come.

Accordingly, for all of the reasons set forth above, we must decline to grant the consent requested.

If you would like to discuss this matter with us, please feel free to contact us.

Respectively,

SHONK LAND COMPANY LLC



Thomas Lon Shannon
Special Assistant To The Manager

Attachment H

SHONK LAND COMPANY LLC
A SUBSIDIARY OF SHONK-DEL LLC

P. O. BOX 969

CHARLESTON, WEST VIRGINIA 25324

304-344-2455 • FAX 304-344-2467

August 15, 2017

FedEx : 7799 7438 7801

Mr. Todd Liebl
Senior Vice President-Land and
Business Development
Cabot Oil & Gas Corporation
Three Memorial City Plaza
840 Gessner Road, Suite 1400
Houston, TX 77024-4544
Attention: Debbie Mauger

Re: Oil and Gas Lease dated 5/20/1930

Shonk Land Company and Larner Gas Company

Dear Mr. Liebl:

We have reviewed your letter dated August 8, 2017 regarding Cabot's request for the consent of Shonk Land Company for the transfer of the captioned oil and gas lease, as amended (the "Larner Lease") from Cabot to Carbon West Virginia Company, LLC, which was provided in response to our July 31, 2017 letter to Ms. Mauger on the same subject.

Unfortunately with respect to many of the concerns expressed in our letter, we do not believe those concerns have been adequately addressed. Initially, we have still seen nothing in any of the materials furnished to us that describes or even mentions Carbon West Virginia Company, LLC, the proposed assignee, other than Cabot's sale of its West Virginia assets to it. Accordingly, we do not believe that we have any real information concerning the underlying credit worthiness or operational capability of the actual entity to which Cabot proposes assigning our lease. Obviously that alone is a clear reason why we cannot consent to the proposed assignment.

Cabot Oil & Gas Corporation
Mr. Todd Liebl
August 15, 2017
Page 2

Again assuming that the assignment was being made to Carbon Natural Gas Company, or if Carbon Natural Gas Company were somehow to be directly responsible for the performance of the obligations of lessee under the Larner Lease, we remain uncomfortable concerning the proposed assignment. The 10-Q indicates to us a history of financial difficulties. While you dismiss the past and potential future ceiling test impairment as an indication of a problem affecting Carbon Natural Gas Company's financial ability, we believe that it is an indication of potential problems relevant to the financial stability of that company. The references in their 10-Q indicates to us that they have a tightly drawn credit facility. Although as you suggest impairment might not directly impact cash flow, we are concerned among other matters that it could trigger problems under Carbon's credit agreement, which would affect the availability of funds for future operations.

We are all too familiar with the number of bankruptcies in the oil and gas business arising from the low commodity prices in the past several years that you referenced in your letter. Some recent material in trade materials has described the outlook for gas pricing as "bleak". Carbon's evident sensitivity to low prices, as both the 10-Q and your letter suggest, make this a greater cause for concern for them. There is very little that worries a landowner more than the possibility that its oil and gas lessee would file for bankruptcy, leaving the landowner relegated to enforcing its claims for royalties and for performance of express and implied covenants of performance under its leases in bankruptcy court. A lesser but still significant concern is having those matters entrusted to an entity that is constrained by financial difficulties. As our earlier letter indicated, we have other concerns about Carbon that we'd be happy to discuss with you. Under the facts as we currently understand them, we must continue to decline to grant the consent requested.

We note that your letter indicates that you are selling all of your West Virginia oil and gas assets to Carbon. In that connection, we think you should be aware that there is an additional oil and gas lease from Shonk as lessee, covering lands in West Virginia, which our records show Cabot as the lessee. That lease, called a "Consolidated Lease" was originally dated October 1, 1986, and was recorded, among other locations, in Lease Book 57, Page 3, in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, and was amended by "Lease Amendment and Ratification (Williams Coal Lease) dated effective December 31, 2015, by Shonk Land Company, as Lessor, and Cabot Oil & Gas Corporation, as Lessee (as amended, the "Williams Lease"). That amendment added as paragraph 9 a "Consent to Assign" provision that appears identical to that contained in the Larner Lease. We assume that you also intend to transfer the Williams Lease to Carbon. In that event, although we have not been requested to consent to an assignment of the Williams Lease, we do not wish to wait "in the weeds" with respect to the Williams Lease, and think it preferable to deal with this lease as a part of the process already commenced regarding the Larner lease.

Cabot Oil & Gas Corporation
Mr. Todd Liebl
August 15, 2017
Page 3

Please understand that it is not our intent to be an obstructionist about this. While we would welcome information relating to the concerns expressed in this letter, as a general matter we do not believe that additional letters largely restating our respective positions would get us any closer to resolving this problem. We would be happy to discuss this matter with you, and believe that a telephone conversation about this subject would be a preferable way to proceed. If you concur, please feel free to contact us to schedule such a call.

Respectively,

SHONK LAND COMPANY LLC

Thomas Lon Shannon
Special Assistant To The Manager
9th

SHONK LAND COMPANY LLC
A SUBSIDIARY OF SHONK-DEL LLC

P. O. BOX 969

CHARLESTON, WEST VIRGINIA 25324

304-344-2455 • FAX 304-344-2467

September 22, 2017

FedEx : 7703 2267 9980

Mr. Todd Liebl
Senior Vice President-Land and
Business Development
Cabot Oil & Gas Corporation
Three Memorial City Plaza
840 Gessner Road, Suite 1400
Houston, TX 77024-4544
Attention: Debbie Mauger

Re: Oil and Gas Lease dated 5/20/1930
(the "Larner Lease") and
October 1, 1986 (the "Williams Lease")

Dear Mr. Liebl:

We have heard nothing back from you regarding the proposed assignment of the captioned oil and gas leases since we sent our letter dated August 15, 2017 to you regarding Cabot's request for the consent of Shonk Land Company for the transfer of the Larner Lease to Carbon West Virginia Company, LLC.

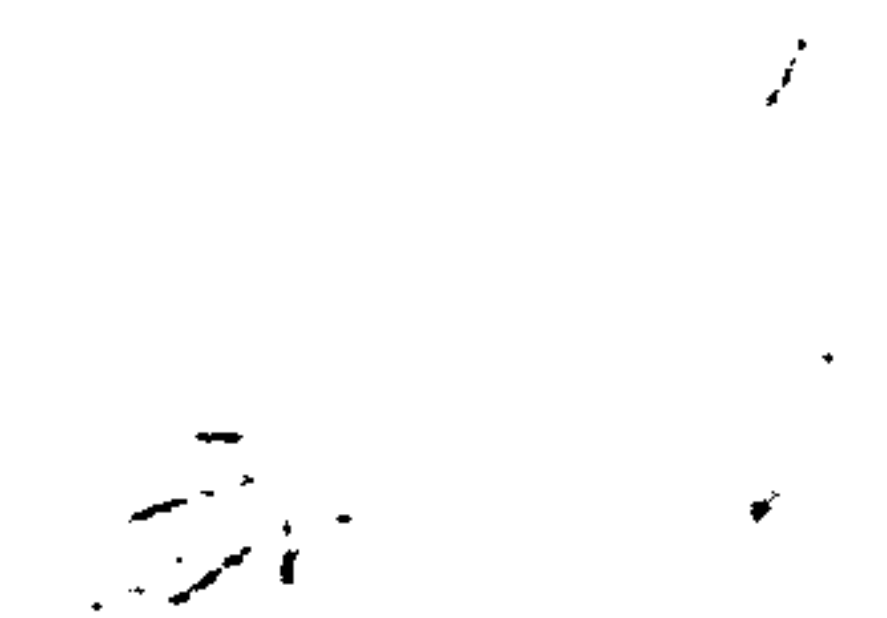
We understand from the press release regarding your proposed transaction that the closing is scheduled for September 29, 2017. In light of the fact that we have expressed our objection to the assignment to Carbon West Virginia Company, LLC, have declined to consent to the transaction for the valid reasons set forth in our letter to you and in prior correspondence, and have received no further communication from Cabot, we assume that Cabot will not violate the terms of our leases and create a lease default by assigning those leases to Carbon West Virginia in the face of our objection. Will you please confirm that our assumption is correct?

Cabot Oil & Gas Corporation
Mr. Todd Liebl
August 15, 2017
Page 2

We reiterate our willingness to review any additional information relating to the concerns expressed in our prior letters and/or to discuss this matter with you further. If, however, our assumption regarding your determination to comply with the terms of the leases is correct, and you do not feel that any discussions would be productive, that is of course your decision. If you do believe that a telephone conversation about this subject would be helpful, please feel free to contact us to schedule such a call.

Very truly yours,

SHONK LAND COMPANY LLC


Thomas Lon Shannon
Special Assistant To The Manager

9.

Attachment I

**ROBERT B. "Skip" ALLEN
1415 Louisiana Street, Suite 2150
Houston, Texas 77002
713-589-8060**

November 30, 2017

Mr. Dan O. Dinges
Chairman and Chief Executive Officer
Cabot Oil & Gas Corporation
Three Memorial City Plaza
840 Gessner Road, Suite 1400
Houston, TX 77024-4544

Re: Cabot/Carbon West Virginia

Dear Dan:

Sorry to bother you with this, but I thought it was actually in Cabot's interest that I do so. In addition to being general counsel of Helis Oil & Gas Company, I have kept one other client, a small land company based in West Virginia, Shonk Land Company, with some oil and gas investments that I have been helping them with for 20 years or so.

Attached is a letter that that client has just sent to your land vice president relating to 2 oil and leases of which it is the lessor. It appears to them that Cabot as lessee has assigned 2 oil and leases containing a consent to transfer provision despite Shonk's affirmative written statement that for the reasons stated it was not going to give its consent.

The only reason I am writing you is that as the attached letter sets forth in forty years of doing oil and gas deals I have never seen an instance in which parties assigned a lease (or other material contract) with a consent to transfer requirement if the lessor/counterparty affirmatively declined to give its consent. It seemed strange to me that Cabot would act in this way, as I certainly would not have expected it to do so, but that is the way it looks to Shonk.

Do you know anything about this? If their concern about an assignment having been made is misplaced, or if for whatever an assignment was consistent with Cabot's corporate policy, someone should let Shonk know, as they are currently operating in the dark on this. I know that they are consulting with litigation in West Virginia and would hate for this to deteriorate into litigation, but some communication needs to occur if that is to be avoided.

Very truly yours,

Attachment J

January 25, 2017

RECEIVED

BY:

**RE: Revenue Payments
Carbon West Virginia Company, LLC**

Please find enclosed your revenue check for November 2017 production. We acknowledge and sincerely apologize that you are receiving this payment later than anticipated under Cabot's historical ownership.

On September 29, 2017, Cabot Oil and Gas Company ("Cabot") conveyed to Carbon West Virginia Company, LLC ("Carbon WV Co") all of its right, title and interest in and to wells effective as of April 1, 2017. Carbon Natural Gas Company, as the Manager of Carbon WV Co has been working diligently with Cabot to transition associated payments as expeditiously as possible. Despite our best efforts, we were unable to deliver November's payment as timely as anticipated and, for that, we apologize.

Future Payments:

Going forward, we anticipate payments to be made on or about the 15th of the month, as outlined below:

December 2017 production: February 15, 2018

January 2018 production: March 15, 2018

February 2018 production: April 15, 2018

Ongoing: checks to be received on or about 15th of month

2017 Form 1099 Information:

During the transition period, Cabot processed all checks you would have received during 2017 (this would have included December 2016 – October 2017 related production payments). Therefore, you can anticipate receiving one Form 1099 from Cabot. You will not receive a Form 1099 from Carbon WV Co as no payments were made in calendar year 2017 by Carbon WV Co to you as an owner.

Additional Information:

We understand that there may be additional questions related to the transition. An owner hotline is available by calling 720-407-7062. This recording will be updated periodically to try to address known owner questions. Alternatively, please feel free to email us at CWVinfo@carbonnaturalgas.com.

Thank you for your continued patience during the transition. We recognize the importance of our relationship with you, and we look forward to working with you in the future.

Sincerely,

**CARBON WEST VIRGINIA COMPANY, LLC
Carbon Natural Gas Company, its Manager**

Attachment K

SHONK LAND WELLS

Well	CABOT October	CARBON November	CARBON December		
CB/SLC30	62.00	2.09	130.97		
CB/SLC28	153.00	5.24	16.08		
CB/SLC31	19.00	(0.92)	74.50		
CB/SLC32	55.00	145.31	41.47		
CB/SLC33	49.00	1.63	9.31		
CB/SLC35	11.00	(0.53)	4.30		
CB/SLC36	5.00	(0.25)	8.25		
CB/SLC37	10.00	(0.47)	42.38		
CB/SLC34	50.00	1.70	133.56		
CB/SLC12	156.00	5.33	146.25		
CB/SLC07	171.00	5.70	6.65		
CB/SLC10	7.00	(0.38)	26.07		
CB/SLC14	31.00	(1.49)	14.10		
CB/SLC15	16.00	(0.80)	113.53		
CB/SLC45	133.00	4.54	5.70		
CB/SLC01	6.00	(0.33)	7.91		
CB/SLC50	10.00	(0.45)	5.13		
CB/SLC54	6.00	(0.29)	114.78		
CB/SLC56	134.00	4.59	24.33		
CB/SLC49	29.00	(1.39)	98.97		
CB/SLC63	116.00	3.92	10.60		
CB/SLC61	13.00	(0.60)	47.40		
CB/SLC60	55.00	1.90	61.72		
CB/SLC77	72.00	2.41	34.36		
CB/SLC76	40.00	1.43	89.20		
CB/SLC69	104.00	3.51	45.31		
CB/SLC80	53.00	1.77	79.40		
CB/SLC82	93.00	3.22	30.86		
CB/SLC85	36.00	(1.76)	40.06		
CB/SLC87R	47.00	1.59	58.00		
CB/SLC93	68.00	2.26	40.06		
CB/SLC86R	47.00	1.59	33.64		
CB/SLC97	39.00	(1.92)	174.65		
CB/SLC98	204.00	6.99	55.87		
CB/SLC99	66.00	2.26	13.72		
CB/SLC100	16.00	(0.78)	67.65		
CB/SLC102	79.00	2.68	64.73		
CB/SLC103	75.00	2.60	88.25		
CB/SLC104	103.00	3.44	183.16		
CB/SLC105	214.00	7.23	165.68		
CB/SLC106	194.00	6.65	351.84		
CB/SLC108	413.00	13.95	97.22		
CB/SLC111	114.00	3.78	240.55		
CB/SLC109	282.00	9.64	315.31		
CB/SLC114	370.00	12.52	54.96		
CB/SLC115	65.00	2.19	95.93		
CB/SLC116	113.00	3.85	30.63		
CB/SLC41	69.00	2.42	46.94		
CB/SLC42	55.00	1.92	101.18		
CB/SLC62	118.00	3.91	17.75		
TOTALS	4,446.00	273.40	0.94	3,760.87	0.15

WILLIAM COAL WELLS

Well	CABOT October	CARBON November	CARBON December		
CB/WILL261	18.00	-	69.13		
CB/WILL276	78.00	-	42.00		
CB/WILL379	70.00	-	37.63		
CB/WILL380	42.00	-	60.38		
CB/WIL386A	18.00	-	8.34		
TOTALS	226.00	-	1.00	217.48	0.04

LR & PC - 12 WELL (TRANSPORTATION ONLY)

Well	CABOT October	CARBON November	CARBON December
CB/LRPC12	-	(0.01)	2.88

Attachment L

From: Laurie Hartmann [<mailto:Laurie.Hartmann@cabotog.com>]
Sent: Monday, December 18, 2017 11:20 AM
To: Kim Browning <kbrowning@shonk.com>
Cc: Melinda Good <melinda@shonk.com>
Subject: RE: Volume Information

Good morning,
Have you received a response from Carbon West Virginia?

From: Laurie Hartmann
Sent: Thursday, December 07, 2017 1:59 PM
To: 'Kim Browning' <kbrowning@shonk.com>
Cc: Melinda Good <melinda@shonk.com>
Subject: RE: Volume Information

Good afternoon Kim,
I did not receive your request. Cabot is experiencing a change in ownership with the new owners of our legacy West Virginia assets, Carbon West Virginia Company.
Your request was forwarded to them by one of our wife's.
I will reach out to him and check for a response to you.

Regards,

Laurie Hartmann
Manager, Revenue Accounting
Cabot Oil & Gas Corporation
281/589-4626
laurie.hartmann@cabotog.com

From: Kim Browning [<mailto:kbrowning@shonk.com>]
Sent: Thursday, December 07, 2017 12:23 PM
To: Laurie Hartmann <Laurie.Hartmann@cabotog.com>
Cc: Melinda Good <melinda@shonk.com>
Subject: FW: Volume Information
Importance: High

Please verify you received this request from Shonk for the below data:

Thank you,

Kimberly Browning
Controller

Shonk-Del LLC
Shonk Land Company LLC
Gasco Limited Partnership

Realco Limited Liability Company & Subsidiaries
194 Summers Street
Charleston, WV 25301

P: 304 414 5653
F: 304.344.2467
C: 304 545 2967

From: Kim Browning
Sent: Wednesday, November 29, 2017 2:29 PM
To: Laurie Hartmann <Laurie.Hartmann@cabotog.com>
Cc: Melinda Good (melinda@shonk.com) <melinda@shonk.com>
Subject: Volume Information

We would like request the meter statements for all wells paid on the following Payments

Check Number	Check Date	Amount
8800285251	7/25/17	\$13,566.89
8800302098	11/24/17	\$5,567.13

Thank you,
Kim

Kimberly Browning
Controller

Shonk-Del LLC
Shonk Land Company LLC
Gasco Limited Partnership
Realco Limited Liability Company & Subsidiaries
194 Summers Street
Charleston, WV 25301

P: 304.414.5653
F: 304.344.2467
C: 304 545 2967

IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

SHONK LAND COMPANY LLC

FILED

Plaintiff,

2018 MAR 13 P 3:50

v.

DEPT. CLERK
KANAWHA COUNTY CIVIL ACTION No. 18-C-193

**CABOT OIL & GAS CORPORATION, and
CARBON WEST VIRGINIA COMPANY LLC,**

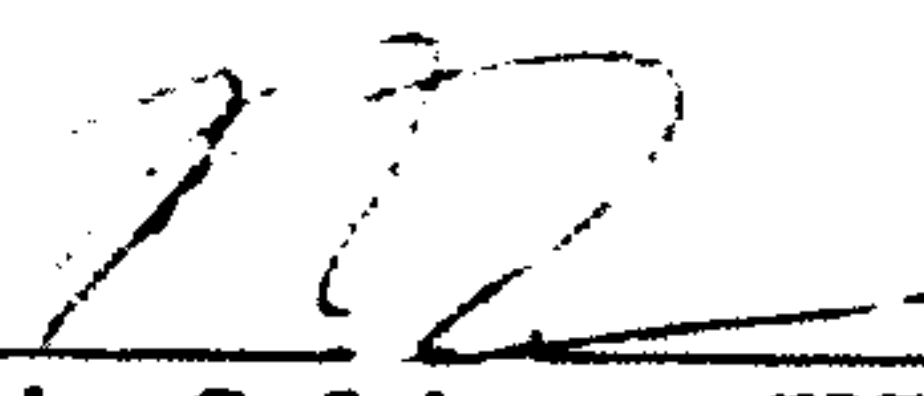
Defendants.

CERTIFICATE OF SERVICE

I, Nicholas S. Johnson, do hereby certify that I have caused to be served a true and accurate copy of **Plaintiff's Motion for Preliminary Injunction** on this 13th day of March, 2018, via West Virginia Secretary of State as indicated below:

Cabot Oil & Gas Corporation
CT Corporation System
5400 D Big Tyler Road
Charleston, WV 25313

Carbon West Virginia Company LLC
CT Corporation System
5400 D Big Tyler Road
Charleston, WV 25313



Nicholas S. Johnson (WVSB # 10272)
Bailey & Glasser LLP
1054 31st St, NW
Suite 230
Washington, DC 20007
(202) 463-2101

FILED
IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

SHONK LAND COMPANY LLC

2018 MAR 13 P 3:50

Plaintiff,

CATHY PATTON, CLERK
KANAWHA COUNTY, WEST VIRGINIA

v.

Civil Action No. 18-C-193

**CABOT OIL & GAS CORPORATION, and
CARBON WEST VIRGINIA COMPANY LLC,**

Defendants.

Plaintiff's Memorandum in Support of its Motion for Preliminary Injunction

For nearly eighty years, Shonk Land Company LLC ("Shonk") has leased oil and gas rights to Cabot Oil & Gas Corporation ("Cabot") under the Larner Lease. In 2007, when a dispute arose regarding improper royalty calculations and deductions taken under the Lease, Shonk was forced to litigate against Cabot. The litigation lasted nearly eight years and was eventually resolved when the parties negotiated a settlement. As part of the settlement, the parties amended the Larner Lease to include, among other things, a specific royalty calculation methodology to ensure that deductions and volume losses would not be taken out of Shonk's royalty interest. Shonk also specifically negotiated a consent to assignment provision to ensure that Cabot, or a comparable party of whom Shonk approved, would honor the deal they struck.

The deal was not honored for long. Less than two years after executing the settlement, Cabot willfully breached the restriction on assignment by assigning the Larner Lease to Carbon West Virginia over the repeated written objections of Shonk. Now, Carbon West Virginia is extracting natural gas from Shonk's property without authorization from Shonk and in violation of the Larner Lease. Not only is Carbon West Virginia unlawfully occupying and benefiting from its use of Shonk's property, it is also blatantly contravening the royalty calculation

methodology—as well as other lessee duties under the Larner Lease—that was agreed to by Shonk and Cabot. Prior to this motion, Shonk filed suit against Cabot and Carbon West Virginia for breaching the Larner Lease. Shonk brings this action to enjoin Carbon West Virginia from its continuing unauthorized use of Shonk’s land and to obtain an accounting of all royalty calculations since October 2017. Accordingly, Shonk submits this memorandum in support of its Motion for Preliminary Injunction and will demonstrate that injunctive relief is necessary and appropriate.

I. Relevant Facts

Shonk is a West Virginia limited liability company with members domiciled in West Virginia. Defendant Cabot is a Delaware corporation with its principal place of business in Houston, Texas. In 1930, Shonk executed a lease with the Larner Gas Company (“Larner Lease”) granting Larner oil and gas rights underlying sixteen thousand (16,000) acres of property in Kanawha and Boone Counties. The Larner Lease was conveyed to the predecessor of Cabot in 1939.

In 2007, Shonk initiated litigation against Cabot over improper royalty calculations and, after eight years of litigation, Shonk and Cabot entered into a Confidential Settlement Agreement (the “Settlement”) whereby the parties agreed to a mutual release of claims in exchange for certain amendments to the Larner Lease (the “Ratification”). Shonk and Cabot executed the Settlement on December 23, 2015, and one week later, executed the Ratification. Pursuant to the Ratification, the parties negotiated a very specific royalty calculation methodology that eliminated Cabot’s ability to take any deductions and volume losses from Shonk’s royalty interest, as well as a provision regarding Cabot’s environmental liabilities. Shonk also negotiated to include a consent to assignment provision, which it viewed as essential to the Settlement

because Shonk wanted to preserve Cabot's agreements to properly calculate the royalty payment and to stand up for any future plugging and environmental liabilities. As part of the consent to assignment provision, Shonk specifically negotiated for the right to receive relevant non-public financial information about any proposed assignee in order to assess a potential assignee's ability or willingness to prudently and safely perform under the Larner Lease.

Less than two years later, Cabot informed Shonk of its intention to assign the Larner Lease to Carbon West Virginia, a Delaware limited liability company. Pursuant to Section 9 of the Ratification, Shonk requested relevant non-public information regarding the credit-worthiness of Carbon West Virginia. In response, rather than providing information about Carbon West Virginia, the proposed assignee, Cabot sent the publicly-available 10-Q filing of Carbon Natural Gas Company, a publicly-traded Delaware Corporation trading under the symbol CRBO. In July 2017, Carbon Natural Gas Company owned only a three (3) percent interest in Carbon Appalachian Co. LLC, the parent company of Carbon West Virginia. Upon information and belief, Carbon Natural Gas Company, the company whose 10-Q filing was provided to Shonk, was at most a three (3) percent owner in Carbon West Virginia at the time of the assignment. Even after the Cabot transaction, Carbon Natural Gas Company owned no more than a sixteen (16) percent interest in Carbon Appalachian Co. LLC.

By letter dated July 31, 2017 ("Objection Letter"), Shonk declined to grant consent to the assignment due in part to the complete lack of information about the proposed assignee as well as information from the 10-Q that revealed numerous financial problems of Carbon Natural Gas that could impact its ability or willingness to prudently and safely perform its obligations under the Larner Lease. In the Objection Letter, Shonk provided detailed reasons for withholding its consent. After its initial Objection Letter, Shonk sent Cabot two more letters reiterating its

objection under Section 9 of the Ratification to the proposed assignment. Nonetheless, on September 29, 2017, Cabot purported to convey the Larner Lease to Carbon West Virginia. On November 30, 2017, Shonk's attorney, Robert B. Allen, sent a letter to Cabot's Chairman and Chief Executive Officer asking for the information Shonk requested so it could properly process the request to consent to assignment in an attempt to avoid litigation.

Over Shonk's objections, Carbon West Virginia purported to take over the Lease and began extracting natural gas from Shonk's property. November 2017 was the first month that Carbon West Virginia began calculating royalty payments. Under the terms of the Larner Lease, payment of royalties by the lessee is due on or before the 25th day of each month for all gas produced during the month immediately preceding. On December 25, 2017, when the royalty payment for November production was due, Shonk did not receive a royalty payment from Carbon West Virginia or Cabot. Rather, Carbon West Virginia remitted a royalty payment for November 2017 production on January 25, 2018. In a letter accompanying the payment, Carbon West Virginia communicated to Shonk its intention to continue making late royalty payments.

In addition to remitting late royalty payments, Carbon West Virginia also tendered royalty payments on volumes that do not comply with the Ratification. Shonk and Cabot specifically negotiated and agreed under the Ratification that the lessee is prohibited from making post-production deductions for expenses and volume losses from the royalty calculation. In January 2018, when Carbon West Virginia finally submitted royalty statements for November 2017 production, the volume calculations showed a 94% drop in volume across 55 wells. Some of those wells showed negative volume, which only leads to the conclusion that deductions are being taken. Over the two-month period, November and December 2017, the average reported monthly production over those two months was less than half of the monthly production in

October 2017. When Shonk asked for specific information regarding the royalty calculations, both Cabot and Carbon West Virginia refused to answer with any information.

Argument

Deciding whether to grant a preliminary injunction “calls for the exercise of sound judicial discretion in view of all the circumstances of the particular case; regard being had to the nature of the controversy, the object for which the injunction is being sought, and the comparative hardship or convenience to the respective parties involved in the award or denial of the writ.” Syl pt. 2, *Camden-Clark Mem’l Hosp. Corp. v. Turner*, 212 W. Va. 752, 575 S.E. 2d 362 (2002). In ruling upon a motion for injunctive relief, West Virginia courts use a balance of hardship test. *Jefferson County Bd. Of Educ. v. Jefferson County Educ. Ass’n*, 183 W. Va. 15, 24, 393 S.E.2d 653, 662 (1990). Under this standard, the court must consider, in flexible interplay, the following four factors:

- (1) the likelihood of irreparable harm to the plaintiff without injunction;
- (2) the likelihood of harm to the defendant with an injunction;
- (3) the plaintiff’s likelihood of success on the merits; and
- (4) the public interest.

Hart v. NCAA, 209 W. Va. 543, 547-48, 550 S.E.2d 79, 83-84 (2001) (quoting *Jefferson*, 183 W. Va. at 24, 393 S.E.2d at 662). In this case, Shonk can demonstrate that all of the factors weigh heavily in favor of injunctive relief.

A. Shonk will suffer irreparable harm if injunctive relief is not issued due to Carbon’s unlawful mineral extraction and occupation of Shonk’s land

By allowing Carbon West Virginia to occupy and use Shonk’s property without consent or authorization, Cabot and Carbon West Virginia are inflicting significant and continuing harm on Shonk. Underlying this action for injunctive relief is a breach of contract claim against Cabot for its invalid assignment to Carbon West Virginia. If Shonk is successful in its breach of

contract claim—which is likely and addressed in more detail below— it will establish that Carbon West Virginia’s occupation and use of the land is not authorized by the Larner Lease. It is uncontested that Shonk has not consented to Carbon West Virginia’s operations and has repeatedly provided notice of its objections. Yet notwithstanding said notice, contrary to law, and in violation of Shonk’s rights, Carbon West Virginia has and continues to extract oil and gas from Shonk’s property.

After the termination of a lease, a lessee who remains on the leased premises without lessor's consent becomes a trespasser. *Bethlehem Steel Corp. v. Shonk Land Co.*, 169 W. Va. 310, 327, 288 S.E.2d 139, 149 (1982). Accordingly, one whose presence was never authorized pursuant to the lease or by the consent of the lessor is also a trespasser. Thus, Carbon West Virginia’s unlawful extraction of oil and gas is a deliberate and continuous physical invasion of Shonk’s property that constitutes a trespass and may be enjoined. Syllabus, *Columbia Gas & Elec. Co. v. Moore*, 81 W. Va. 164, 93 S.E. 1051 (1917) (“An owner of gas in a tract of land whose title is so clear, as a matter of law...may enjoin the extraction of the gas, by one who has no right to it”).

Indeed, West Virginia has long recognized that the unlawful extraction of oil or gas is an irreparable injury for which injunctive relief is appropriate. Syl. pt. 2, *Bettman v. Harness*, 42 W. Va. 433, 26 S.E. 271 (1896) (“The unlawful extraction of petroleum oil or gas from land, they being part of the land, is an act of irreparable injury. Equity will enjoin it.”); *see also* syl. pt. 1, *Williamson v. Jones*, 43 W. Va. 562, 27 S.E. 411 (1897) (“Petroleum oil in place is part of the land. Its wrongful extraction by one lawfully in possession is waste, and by a stranger is trespass; in both cases irreparable injury, which may be enjoined.”). Carbon West Virginia’s trespass is an irreparable injury that is sufficient, as a matter of law, for equitable relief.

Yet, Shonk has suffered other harms due to the invalid assignment and Cabot and Carbon West Virginia's disregard for the Larner Lease. Carbon West Virginia has purported to take over Cabot's duties under the Lease but is not complying with the royalty calculation methodology set out in the Ratification and is underpaying royalties to Shonk's detriment. Further, Carbon West Virginia has repeatedly failed to remit timely royalty payments as required by the Lease and has expressly communicated its intent to continue making untimely royalty payments. These harms underscore why Shonk negotiated for the right to withhold consent to assignments proposed by Cabot. As a result of the invalid assignment and Cabot and Carbon West Virginia's disregard for the Larner Lease, Shonk has been forced to bring this suit and incur litigation costs to enforce its rights. Shonk properly exercised its right to withhold consent to the Carbon West Virginia assignment and should not be forced to endure injury caused by a party who has no authority to occupy or use its land.

Shonk is also entitled to the equitable relief of an accounting of all royalty payments since October 2017. *Belcher v. Big Four Coal & Coke Co.*, 68 W. Va. 716, 70 S.E. 712, 712 (1911) ("Equity has jurisdiction of a suit for an accounting"). Shonk has alleged that it is being harmed by Carbon West Virginia's failure to abide by the terms of the Lease that specifically prohibit post-production deductions for expenses and volume losses. Cabot and Carbon West Virginia have refused Shonk's request to provide information regarding the royalty calculations, thus, Shonk is entitled to an accounting to obtain facts in the possession of Defendants that are essential in proving that Cabot and Carbon West Virginia are violating the Lease. *Id.* at 716, 70 S.E. at 713 (equity jurisdiction is appropriate where plaintiff alleges it does not have information that is in the possession of defendants and is essential to proving his case).

Shonk has suffered irreparable harm because of Carbon West Virginia's trespass and will continue to suffer unless an injunction is issued. An equitable remedy is necessary and appropriate here to put an end to Carbon West Virginia's ongoing and unlawful extraction of oil and gas from Shonk's property and to provide essential information regarding the royalty calculation to prove that Cabot and Carbon West Virginia are in breach of the Ratification.

B. Injury to Shonk substantially outweighs the potential harm to Defendants

Cabot knowingly negotiated and executed the Settlement and Ratification whereby the parties agreed to the royalty calculation provision and the consent to assignment provision. Now, after benefiting from the mutual release of claims it received by signing the Settlement, Cabot wishes to ignore its contractual obligations. Any inconvenience that Cabot may undergo from the issuance of injunctive relief is something that it should have considered before deciding to willfully breach the Lease by assigning its duties to a party over Shonk's repeated written objections.

The irreparable harm to Shonk outweighs any harm that Cabot will face as a consequence of injunctive relief. The grant of injunctive relief due to Carbon West Virginia's unauthorized gas extraction will not prevent Cabot from developing gas under the Lease, unless the court determines that Cabot's other breaches terminate the Lease. Should the Lease continue, Cabot is free to properly assign its interest in the Lease after obtaining Shonk's consent. This is all it ever had the right to do under the Lease, and Cabot "should not benefit from [its] own wrongdoing." *Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Coffindaffer*, 183 F. Supp. 2d 842, 852 (N.D.W. Va. 2000). If injunctive relief is granted, the parties will be restored to the *status quo ante* prior to the invalid assignment. Thus, Cabot will not lose any rights it has under the Lease.

Carbon West Virginia will only be injured to the extent that it will be prevented from exercising a right it never had. Carbon West Virginia is benefiting and profiting from its unauthorized occupation and use of Shonk's property and, thus, is and has been unjustly enriched. Any harm to Carbon West Virginia as a consequence of injunctive relief stems from the loss of a benefit it never had a right to receive. For these reasons, the potential harm to Defendants is minimal, and this factor weighs in favor of injunctive relief.

C. Shonk is likely to prevail on the merits of its claims

Shonk will succeed on the merits of its Complaint against Defendants. The Complaint sets forth three separate breach of contract claims under the Larner Lease. In each case, the language in the Lease is plain and unambiguous, and thus should be applied according to the clear intent of the parties. Syl. pt. 3, *Cotiga Dev. Co. v. United Fuel Gas Co.*, 147 W. Va. 484, 484, 128 S.E.2d 626, 628 (1962).

1. Breach of Lease for Assignment Without Lessor's Consent

Section 9 of the Ratification to the Larner Lease clearly provides that Cabot "shall not assign all of a portion of the [Larner] Lease without the prior written consent of Lessor." There is no question that Cabot assigned its interest in the Lease to Carbon West Virginia without obtaining Shonk's consent. Not only did Shonk not give its consent, it affirmatively provided numerous written objections to Cabot prior to the assignment.

Shonk properly and reasonably exercised its right to withhold consent under the Lease. *See* Section 9 of the Ratification ("consent shall not be unreasonably withheld"). Under Section 9 of the Ratification, Cabot is obligated to provide, upon Shonk's request, relevant non-public information regarding the credit-worthiness of any proposed assignee. When Shonk requested such information, Cabot failed to provide any relevant non-public information regarding Carbon

West Virginia. The information Cabot provided was public information about a partial owner of Carbon West Virginia, which in fact revealed information showing it was financially impaired and was far less creditworthy than Cabot. Pursuant to the clear and unambiguous terms of the Ratification, Cabot breached its duty to provide the information required under Section 9.

One of the reasons for requiring Cabot to provide relevant non-public information regarding the credit-worthiness of a proposed assignee is so Shonk can make an informed decision about whether the assignee is financially able and willing to prudently and safely perform the obligations under the Larner Lease. Shonk was reasonable in withholding consent because Cabot did not provide any such information about Carbon West Virginia. The only information Cabot provided raised questions about the financial stability and creditworthiness of a partial owner of Carbon West Virginia, thus, it was reasonable for Shonk to decline to consent to the assignment. Shonk did not unreasonably withhold its consent and Cabot assigned the Lease over Shonk's numerous written objections. Thus, Shonk is likely to succeed in its breach of contract claim for Cabot's assignment without Shonk's consent.

2. Breach of Lease for Non-Payment and Late Payment of Royalties

Shonk is also likely to succeed in its breach of contract claim for Cabot and Carbon West Virginia's non-payment and untimely payment of royalties. Even assuming Carbon West Virginia were a valid assignee, which Shonk disputes, its late payment of royalties is a clear breach of the Lease. Under the Larner Lease, the lessee is required to make monthly royalty payments on or before the 25th day of each month for all gas produced during the month immediately preceding. Neither Cabot nor Carbon West Virginia made timely royalty payments for production in November or December 2017. When Carbon West Virginia purported to take over the Lease, it began making late royalty payments and communicated its intention to

continue making late royalty payments, in violation of the terms of the Larner Lease. Carbon West Virginia's actions contravene the terms of the Larner Lease and clearly constitute a breach for which Cabot is liable. *Fredeking v. Grimmer*, 140 W. Va. 745, 764, 86 S.E.2d 554, 565 (1955) ("an assignment of the lease without the consent of the lessor does not relieve the lessee from his liability to pay the rent which accrues after the assignment.").

3. Breach of the Ratification's Royalty Calculation Methodologies

Shonk will likely succeed in its breach of contract claim for Carbon West Virginia's failure to abide by the royalty calculation methodology specifically provided for in the Ratification. Again, assuming Carbon West Virginia were a valid assignee, it must abide by the terms of the Ratification that Shonk and Cabot negotiated and executed, which is binding on each of the parties' successors and assigns under Section 10. After eight years of litigation over royalty calculations, Shonk and Cabot agreed that post-production deductions for expenses and volume losses would not be included in the royalty payment to Shonk. After Carbon West Virginia purported to take over the Lease in November 2017, the average reported monthly production for the following two-month period dropped to less than half of the monthly production in October 2017, the month before Carbon West Virginia took over. Additionally, some wells showed negative volume, indicating that Carbon West Virginia is taking the deductions that the Lease prohibits. Shonk specifically requested information regarding the royalty calculations, but both Cabot and Carbon West Virginia have refused to answer with any information.

If Carbon West Virginia is indeed taking post-production deductions for expenses and volume losses, it is a breach of the Lease for which Cabot is liable. *See id.* Shonk is entitled to an accounting of all royalty calculations since October 2017 because such information is

essential to the establishment of Shonk's rights. Syllabus, *Belcher*, 68 W. Va. at 716, 70 S.E. at 712 ("Equity has jurisdiction of a suit for an accounting, when there is a privity of contract between the parties ...when the bill prays for a discovery and alleges facts which show that a discovery is essential to the establishment of plaintiff's rights.)

D. The public interest weighs in favor of injunctive relief

In this case, granting an injunction will not violate public policy. A condition against assignment by a lessee is governed by the rule of strict construction and must be clearly and definitely provided for in the lease. Syl. pt. 2, *Easley Coal Co. v. Brush Creek Coal Co.*, 91 W. Va. 291, 112 S.E. 512 (1922). Here, Section 9 of the Ratification clearly provides that "Lessee shall not assign all or a portion of this Lease without the prior written consent of Lessor." Such an express covenant will be enforced and is not an invalid restraint on alienation. *McClure v. Cook*, 39 W. Va. 579, 20 S.E. 612, 615 (1894) ("there does not seem to be any illegal restraint on the power of alienation in this case, for nothing is more common than long leases, without the power to sell or assign, except with the lessor's approval and consent"). Granting an injunction will not limit Cabot's right to assign the Larner Lease according to the terms of the Ratification, unless the court determines that Cabot's other breaches terminate the Lease. Likewise, it will not inhibit the development of oil and gas resources because Cabot remains free to extract gas under the Larner Lease or assign the Lease with Shonk's consent so long as the Lease continues.

Granting injunctive relief would serve the public interest in ensuring certainty through the enforcement of contracts. West Virginia's public policy strongly favors freedom of contract. Syl. pt. 3, *Wellington Power Corporation v. CAN Surety Corporation*, 614 S.E.2d 680 (2005). Here, Cabot and Shonk, both sophisticated parties, freely and voluntarily entered into the Lease, the Settlement, and the Ratification. Shonk made an agreement with Cabot, not Carbon West

Virginia, and it explicitly reserved the right to consent to any assignment. Cabot should be held to the agreement it made and should not be allowed to benefit from its own wrongdoing. To deny injunctive relief to Shonk under the circumstances of this case would “cast doubt on the integrity of contractual agreements.” *Coffindaffer*, 183 F. Supp. 2d at 852. Holding Cabot to the agreement it made advances West Virginia public policy and will not be adverse to the public interest.

II. Conclusion

In sum, Shonk meets all of the requirements for a preliminary injunction. Therefore, Shonk respectfully requests that this Court enter an Order instituting a preliminary injunction enjoining Carbon West Virginia from extracting oil and gas on its property and ordering an accounting of all royalty calculations conducted since October 2017.

SHONK LAND COMPANY LLC,

By Counsel



Nicholas S. Johnson (WVSB # 10272)
Bailey & Glasser LLP
1054 31st St, NW
Suite 230
Washington, DC 20007
(202) 463-2101

IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

SHONK LAND COMPANY LLC **FILED**

Plaintiff,

2018 MAR 13 P 3:50

v.

CATHY S. PATSON, CLERK
KANAWHA COUNTY CIRCUIT COURT

Civil Action No. 18-C-193

**CABOT OIL & GAS CORPORATION, and
CARBON WEST VIRGINIA COMPANY LLC,**

Defendants.

CERTIFICATE OF SERVICE

I, Nicholas S. Johnson, do hereby certify that I have caused to be served a true and accurate copy of **Plaintiff's Memorandum in Support of its Motion for Preliminary Injunction** on this 13th day of March, 2018, via West Virginia Secretary of State as indicated below:

Cabot Oil & Gas Corporation
CT Corporation System
5400 D Big Tyler Road
Charleston, WV 25313

Carbon West Virginia Company LLC
CT Corporation System
5400 D Big Tyler Road
Charleston, WV 25313



Nicholas S. Johnson (WVSB # 10272)
Bailey & Glasser LLP
1054 31st St, NW
Suite 230
Washington, DC 20007
(202) 463-2101

IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

SHONK LAND COMPANY LLC,

Plaintiff,

v.

**Civil Action No.: 18-C-193
Tod J. Kaufman, Judge**

**CABOT OIL & GAS CORPORATION, and
CARBON WEST VIRGINIA COMPANY LLC,**

Defendants.

**ANSWER OF DEFENDANT
CARBON WEST VIRGINIA COMPANY LLC TO VERIFIED COMPLAINT**

The defendant, Carbon West Virginia Company LLC ("Carbon West Virginia"), answers the verified complaint in this civil action as follows, the numbered paragraphs of the second defense below corresponding to the numbered paragraphs of the complaint:

FIRST DEFENSE

The complaint fails to state a claim upon which relief can be granted.

SECOND DEFENSE

1. Admitted.
2. Answering numbered paragraph 2 of the complaint, this Defendant admits that Cabot Oil & Gas Corporation ("Cabot") is a Delaware corporation with its principal place of business in Houston, Texas, but denies that Cabot is currently the Lessee under the Larner Lease which was originally entered into between Shonk Land Company LLC ("Shonk") and Cabot.
3. Admitted.

4. Admitted.
5. Admitted.
6. Answering numbered paragraph 6 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 6 of the complaint.
7. Answering numbered paragraph 7 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 7 of the complaint.
8. Answering numbered paragraph 8 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 8 of the complaint.
9. Answering numbered paragraph 9 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 9 of the complaint.
10. Answering numbered paragraph 10 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 10 of the complaint.
11. Answering numbered paragraph 11 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 11 of the complaint.
12. Answering numbered paragraph 12 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 12 of the complaint.

13. Answering numbered paragraph 13 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 13 of the complaint.

14. Admitted.

15. Answering numbered paragraph 15 of the complaint, this Defendant admits that a portion of Section 1 of the Ratification states the language reproduced in paragraph 15 of the complaint but denies that paragraph 15 of the complaint accurately represents the entirety of Section 1 of the Ratification.

16. Answering numbered paragraph 16 of the complaint, this Defendant admits that Sections 4 through 8 of the Ratification impose certain obligations on the Lessee and denies all other allegations contained in paragraph 16 of the complaint.

17. Answering numbered paragraph 17 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 17 of the complaint.

18. Answering numbered paragraph 18 of the complaint, this Defendant admits that a portion of Section 9 of the Ratification states the language reproduced in paragraph 18 of the complaint but denies that paragraph 18 of the complaint accurately represents the entirety of Section 9 of the Ratification.

19. Answering numbered paragraph 19 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation of numbered paragraph 19 of the complaint.

20. Answering numbered paragraph 20 of the complaint, this Defendant admits that, by letter dated July 12, 2017, Cabot informed Shonk of its intention to

assign the Larner Lease to this Defendant. This Defendant also admits that, pursuant to the terms of the Ratification, Cabot requested the consent of Shonk to assign the Larner Lease to this Defendant, but this Defendant denies that Cabot acknowledged that Shonk's consent was required under the Ratification and denies any remaining allegations of numbered paragraph 20 of the complaint.

21. Admitted.

22. Answering numbered paragraph 22 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of numbered paragraph 22 of the complaint.

23. Answering numbered paragraph 23 of the complaint, this Defendant admits that Shonk declined to grant consent to the assignment by letter dated July 31, 2017, and denies all remaining allegations of numbered paragraph 23 of the complaint.

24. Answering numbered paragraph 24 of the complaint, this Defendant admits that Shonk stated the grounds for withholding consent, but denies that any of these grounds stated were reasonable.

25. Answering numbered paragraph 25 of the complaint, this Defendant admits that Cabot requested that Shonk reconsider its request for consent, and denies all remaining allegations of numbered paragraph 25 of the complaint.

26. Answering numbered paragraph 26 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of numbered paragraph 26 of the complaint.

27. Admitted.

28. Answering numbered paragraph 28 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of numbered paragraph 28 of the complaint.

29. Answering numbered paragraph 29 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of numbered paragraph 29 of the complaint.

30. Answering numbered paragraph 30 of the complaint, this Defendant admits that Cabot conveyed to Carbon West Virginia all of its right, title, and interest in the Larner Lease effective as of April 1, 2017.

31. Answering numbered paragraph 31 of the complaint, this Defendant admits that Shonk sent a letter on or about November 29, 2017, and is without knowledge or information sufficient to form a belief as to the truth of any remaining allegations of numbered paragraph 31 of the complaint.

32. Answering numbered paragraph 32 of the complaint, this Defendant admits that Shonk's attorney sent a letter to Dan Dinges on or around November 30, 2017, and is without knowledge or information sufficient to form a belief as to truth of any remaining allegations of numbered paragraph 32 of the complaint.

33. Answering numbered paragraph 33 of the complaint, this Defendant admits that Shonk's attorney sent a letter to Dan Dinges on or around November 30, 2017, and is without knowledge or information sufficient to form a belief as to the truth of any remaining allegations of numbered paragraph 33 of the complaint.

34. Answering numbered paragraph 34 of the complaint, this Defendant admits that Cabot sent Shonk a letter on December 7, 2017, informing Shonk that

Cabot had assigned the Lerner Lease to Carbon West Virginia, and denies all remaining allegations of numbered paragraph 34 of the complaint.

35. Denied.

36. Denied.

37. Answering numbered paragraph 37 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of numbered paragraph 37 of the complaint.

38. Admitted.

39. Admitted.

40. Admitted.

41. Admitted.

42. Denied.

43. Denied.

44. Admitted.

45. Answering numbered paragraph 45 of the complaint, this Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of numbered paragraph 45 of the complaint.

46. Denied.

47. Denied.

48. Answering numbered paragraph 48 of the complaint, this Defendant incorporates its answers to paragraphs 1 through 47.

49. Denied.

50. Denied.

51. Answering numbered paragraph 51 of the complaint, this Defendant admits that Section 9 of the Ratification contains the language asserted in paragraph 51 of the complaint, but denies that all relevant portions of Section 9 are reproduced in numbered paragraph 51 of the complaint.

52. Denied.

53. Denied.

54. Denied.

55. Denied.

56. Denied.

57. Numbered paragraph 57 of the complaint is not an answerable factual allegation but request for judgment by the Court and not amenable to factual answer. To the extent the Court determines that this paragraph is amenable to answer: Denied.

58. Answering numbered paragraph 58 of the complaint, this Defendant incorporates its answers to paragraphs 1 through 57.

59. Admitted.

60. Denied.

61. Denied.

62. Denied.

63. Numbered paragraph 63 of the complaint is not an answerable factual allegation but request for judgment by the Court and not amenable to factual answer. To the extent the Court determines that this paragraph is amenable to answer: Denied.

64. Answering numbered paragraph 64 of the complaint, this Defendant incorporates its answers to paragraphs 1 through 63.

65. Admitted.

66. Denied.

67. Denied.

68. Numbered paragraph 68 of the complaint is not an answerable factual allegation but request for judgment by the Court and not amenable to factual answer. To the extent the Court determines that this paragraph is amenable to answer: Denied.

THIRD DEFENSE

Defendant denies every allegation of the complaint not expressly admitted in this answer.

FOURTH DEFENSE

Defendant raises the defense of unclean hands to the extent that defense may be supported by facts to be discovered.

FIFTH DEFENSE

Defendant raises the defense of failure to mitigate damages.

SIXTH DEFENSE

Defendant reserves the right to seek contribution and indemnity if the evidence supports the same.

SEVENTH DEFENSE

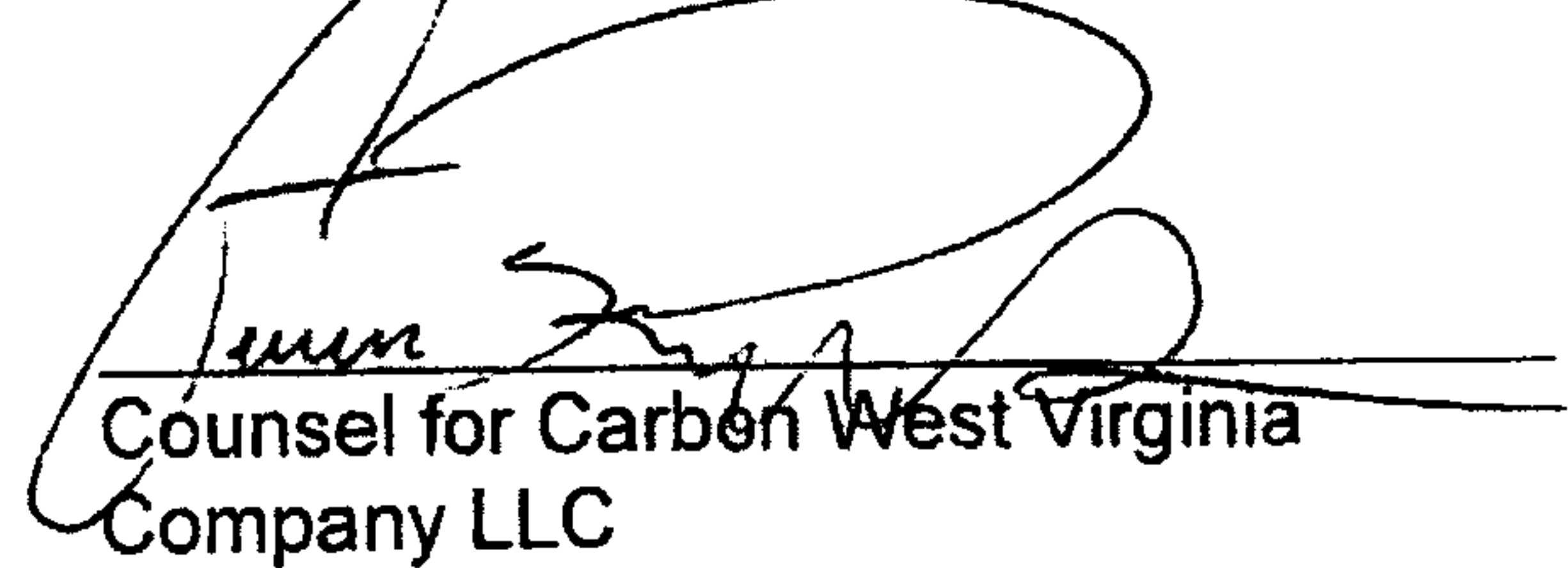
Defendant reserves every other defense which may become known upon further investigation and discovery in this civil action.

RELIEF SOUGHT

Defendant, Carbon West Virginia Company LLC, asks that this civil action be dismissed with prejudice, with the plaintiff taking nothing of Carbon West Virginia Company LLC; that Carbon West Virginia Company LLC have its costs and reasonable

attorney's fees in the defense of this action; and that Carbon West Virginia Company LLC have all other relief the Court deems just.

Respectfully submitted,



Counsel for Carbon West Virginia
Company LLC

Charles F. Bagley III WWSB ID #197
Owen A. Reynolds WWSB ID #13035
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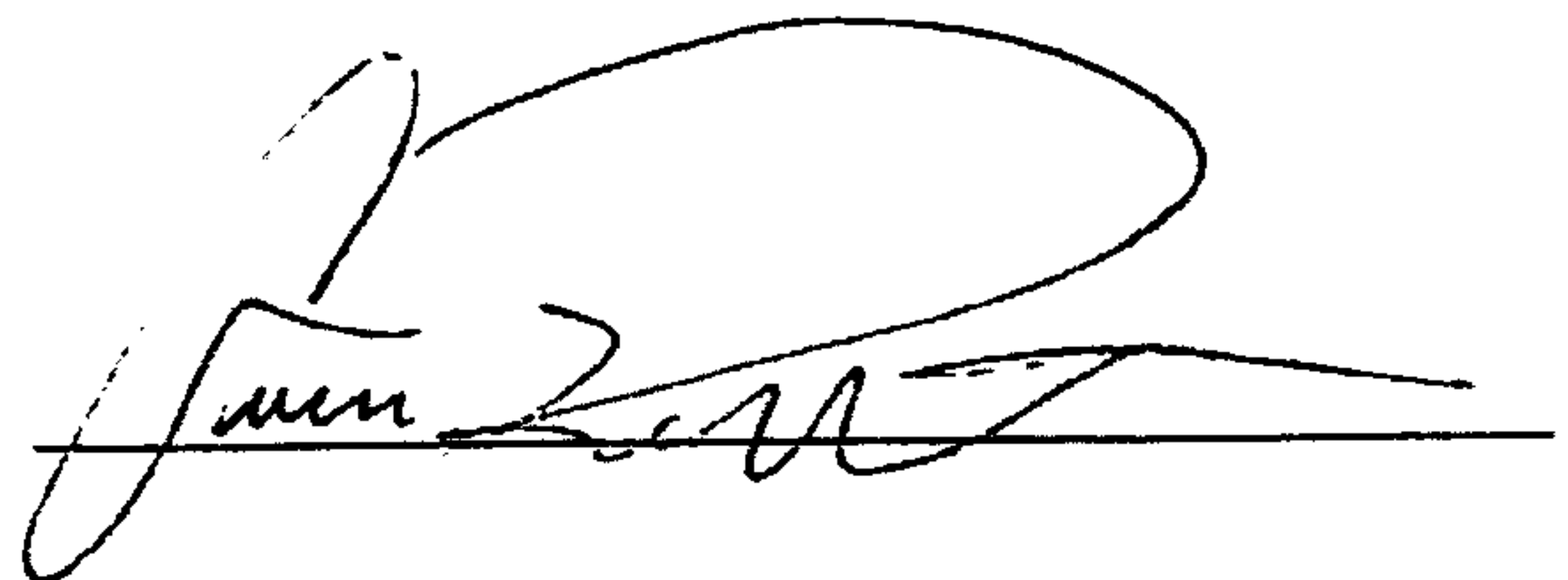
CERTIFICATE OF SERVICE

The undersigned, of counsel for defendant Carbon West Virginia Company, LLC, certifies that service of the **Civil Cover Sheet and Answer of Defendant Carbon West Virginia Company, LLC to Verified Complaint** was made upon counsel of record this date by depositing a true copy of the same in the United States mail, first class postage prepaid, addressed to the following:

Nicholas S. Johnson, Esq.
Bailey & Glasser, LLP
1054 31st Street, NW, Suite 230
Washington, DC 20007
Counsel for Plaintiff

Robert Stonestreet, Esq.
Timothy M. Miller, Esq.
Jennifer Hicks, Esq.
Babst Calland
300 Summers Street, Suite 1000
Charleston, WV 25301
Counsel for Cabot Oil & Gas Corporation

Done this 2nd day of April, 2018.



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IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

SHONK LAND COMPANY LLC,

Plaintiff,

v.

**Civil Action No. 18-C-193
(The Honorable Tod J. Kaufman, Judge)**

**CABOT OIL & GAS CORPORATION and
CARBON WEST VIRGINIA COMPANY LLC,**

Defendants.

**CABOT OIL & GAS CORPORATION'S
ANSWER TO VERIFIED COMPLAINT**

For its Answer to Plaintiff's Verified Complaint ("Complaint"), Defendant Cabot Oil & Gas Corporation ("Cabot") states as follows:

In response to the first unnumbered paragraph appearing under the heading "Nature of the Dispute," Cabot admits that it entered into a settlement agreement to resolve Civil Action No. 07-C-174 in the Circuit Court of Boone County, West Virginia, which settlement agreement speaks for itself. Cabot denies the remainder of the paragraph.

In response to the second unnumbered paragraph appearing under the heading "Nature of the Dispute," Cabot admits that in 2017 it assigned the Larner Lease to Carbon West Virginia. Cabot denies the remainder of the paragraph.

For its Answer to the numbered paragraphs of Shonk's Complaint, Cabot states the following:

1. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 1 of the Complaint.

2. In response to Paragraph 2 of the Complaint, Cabot admits that it is a Delaware corporation with its principal place of business in Houston, Texas. Cabot also admits it is the former Lessee under the Larner Lease between Shonk and Cabot. Cabot denies the remainder of Paragraph 2 of the Complaint.

3. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 3 of the Complaint.

4. Paragraph 4 of the Complaint sets forth a legal conclusion to which no response is required. To the extent a response is required, upon information and belief, at this time venue appears proper in Kanawha County, West Virginia.

5. Paragraph 5 of the Complaint sets forth a legal conclusion to which no response is required. To the extent a response is required, upon information and belief, at this time venue appears proper in Kanawha County, West Virginia.

6. In response to Paragraph 6 of the Complaint, Cabot states that the May 20, 1930, Agreement of Lease speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations.

7. In response to Paragraph 7 of the Complaint, Cabot states that that the February 11, 1939, Deed speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations.

8. In response to Paragraph 8 of the Complaint, Cabot states that the April 27, 1939, Deed speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations.

9. Cabot admits the allegations contained in Paragraph 9 of the Complaint.

10. Cabot admits the allegations contained in Paragraph 10 of the Complaint.

11. Cabot admits the allegations contained in Paragraph 11 of the Complaint.

12. In response to Paragraph 12 of the Complaint, Cabot admits that Shonk commenced the Royalty Litigation, and the complaint in the Royalty Litigation speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations.

13. In response to Paragraph 13 of the Complaint, Cabot states that Shonk and Cabot entered into a Confidential Settlement Agreement ("Settlement") on December 23, 2015, which Settlement speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 13 of the Complaint.

14. In response to Paragraph 14 of the Complaint, Cabot states that Shonk and Cabot executed the Larner Lease Ratification ("Ratification"), which Ratification speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 14 of the Complaint.

15. In response to Paragraph 15 of the Complaint, Cabot states that Section 1 of the Ratification speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations.

16. In response to Paragraph 16 of the Complaint, Cabot states that other provisions of the Ratification speak for themselves. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations.

17. In response to Paragraph 17 of the Complaint, Cabot states that Section 9 of the Ratification speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations.

18. In response to Paragraph 18 of the Complaint, Cabot states that Section 9 of the Ratification speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations.

19. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 19 of the Complaint.

20. Cabot admits the allegations contained in Paragraph 20 of the Complaint.

21. Cabot admits the allegations contained in Paragraph 21 of the Complaint.

22. Cabot admits the allegations contained in Paragraph 22 of the Complaint.

23. In response to Paragraph 23 of the Complaint, Cabot admits that it received a letter dated July 31, 2017 ("Objection Letter"), which letter speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 23 of the Complaint.

24. In response to Paragraph 24 of the Complaint, Cabot states that the Objection Letter speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations of Paragraph 24 of the Complaint.

25. In response to Paragraph 25 of the Complaint, Cabot states that the letter dated August 8, 2017 speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 25 of the Complaint.

26. In response to Paragraph 26 of the Complaint, Cabot states that the letter dated August 15, 2017 speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the

document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 26 of the Complaint.

27. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 27 of the Complaint.

28. In response to Paragraph 28 of the Complaint, Cabot states that the letter dated September 22, 2017 speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 28 of the Complaint.

29. In response to Paragraph 29 of the Complaint, Cabot states that the September 22, 2017 letter speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 29 of the Complaint.

30. In response to Paragraph 30 of the Complaint, Cabot admits that it assigned the Larner Lease to Carbon. Cabot denies the remaining allegations contained in Paragraph 30 of the Complaint.

31. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 31 of the Complaint.

32. In response to Paragraph 32 of the Complaint, Cabot states that the letter dated November 30, 2017 speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 32 of the Complaint.

33. In response to Paragraph 33 of the Complaint, Cabot states that the letter from Robert Allen speak for itself. To the extent the Complaint in any way misstates or mischaracterizes the

document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 33 of the Complaint.

34. In response to Paragraph 34 of the Complaint, Cabot states that the letter dated December 7, 2017 speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 34 of the Complaint.

35. Cabot denies the allegations contained in Paragraph 35 of the Complaint.

36. Cabot denies the allegations contained in Paragraph 36 of the Complaint.

37. In response to Paragraph 37 of the Complaint, Cabot states that the Larner Lease speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 37 of the Complaint.

38. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 38 of the Complaint.

39. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 39 of the Complaint.

40. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 40 of the Complaint.

41. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 41 of the Complaint.

42. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 42 of the Complaint.

43. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 43 of the Complaint.

44. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 44 of the Complaint.

45. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 45 of the Complaint.

46. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 46 of the Complaint.

47. Cabot is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in Paragraph 47 of the Complaint.

48. Cabot incorporates by reference and restates each response from Paragraphs 1-47 above in response to Paragraph 48 of the Complaint.

49. In response to Paragraph 49 of the Complaint, Cabot states that Section 9 of the Ratification speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 49 of the Complaint.

50. Cabot denies the allegations contained in Paragraph 50 of the Complaint.

51. In response to Paragraph 51 of the Complaint, Cabot states that Section 9 of the Ratification to the Larner Lease speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 51 of the Complaint.

52. Cabot denies the allegations contained in Paragraph 52 of the Complaint.

53. Cabot denies the allegations contained in Paragraph 53 of the Complaint.

54. Cabot denies the allegations contained in Paragraph 54 of the Complaint.

55. Cabot denies the allegations contained in Paragraph 55 of the Complaint.

56. Cabot denies the allegations contained in Paragraph 56 of the Complaint.

57. Cabot denies the allegations contained in Paragraph 57 of the Complaint.

58. Cabot incorporates by reference and restates each response from Paragraphs 1-57 above in response to Paragraph 58 of the Complaint.

59. In response to Paragraph 59 of the Complaint, Cabot states that the Larner Lease speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 59 of the Complaint.

60. Cabot denies the allegations contained in Paragraph 60 of the Complaint.

61. Cabot denies the allegations contained in Paragraph 61 of the Complaint.

62. Cabot denies the allegations contained in Paragraph 62 of the Complaint.

63. Cabot denies the allegations contained in Paragraph 63 of the Complaint.

64. Cabot incorporates by reference and restates each response from Paragraphs 1-63 above in response to Paragraph 64 of the Complaint.

65. In response to Paragraph 65 of the Complaint, Cabot states that the Ratification speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot denies those allegations. Cabot denies the remaining allegations contained in Paragraph 65 of the Complaint.

66. In response to Paragraph 66 of the Complaint, Cabot states that the Ratification speaks for itself. To the extent the Complaint in any way misstates or mischaracterizes the document, Cabot

denies those allegations. Cabot denies the remaining allegations contained in Paragraph 66 of the Complaint.

67. Cabot denies the allegations contained in Paragraph 67 of the Complaint.

68. Cabot denies the allegations contained in Paragraph 68 of the Complaint, and denies that Shonk is entitled to the requested relief.

69. Cabot denies each allegation set forth in the Complaint not expressly admitted in this Answer.

70. Cabot denies that Shonk is entitled to any of the relief requested in the Complaint.

FIRST DEFENSE

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

SECOND DEFENSE

Cabot at all times acted in good faith and without malice or any intent to cause any harm to Plaintiff.

THIRD DEFENSE

To the extent Plaintiff has suffered any damages and/or losses, which Cabot denies, such damages or losses were the result of, and caused by, its own conduct or omissions.

FOURTH DEFENSE

Plaintiff unreasonably refused to consent to assignment of the Larner Lease to Carbon West Virginia Company, LLC.

FIFTH DEFENSE

To the extent Plaintiff has suffered any damages and/or losses, which Cabot denies, such damages or losses were the result of actions by a third party for which Cabot is not responsible.

SIXTH DEFENSE

To the extent Shonk has suffered any harm, that harm is not irreparable, and Shonk is not entitled to any equitable relief.

SEVENTH DEFENSE

Assessment of damages and/or attorney fees against Cabot under the circumstances would violate Cabot's rights under the Constitution of the United States of America and the Constitution of the State of West Virginia, including without limitation, Cabot's substantive due process rights and the prohibition against taking property without just compensation.

EIGHTH DEFENSE

Shonk has breached the confidentiality provisions of the Confidential Settlement Agreement by including the terms in a public filing. Shonk is therefore without clean hands and its claims are barred.

NINTH DEFENSE

Cabot reserves the right to assert any defenses that may apply or may become applicable as the case progresses.

Having answered the Complaint, Cabot prays that the Complaint be dismissed and that Cabot recover the costs incurred in connection the defense of this matter, including reasonable attorneys' fees.

CABOT OIL & GAS CORPORATION

By Counsel



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Robert M. Stonestreet (WVSB ID No. 9370)
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IN THE CIRCUIT COURT OF KANAWHA COUNTY, WEST VIRGINIA

SHONK LAND COMPANY LLC,

Plaintiff,

v.

Civil Action No. 18-C-193

(The Honorable Todd J. Kaufman, Judge)

**CABOT OIL & GAS CORPORATION
and CARBON WEST VIRGINIA COMPANY LLC,**

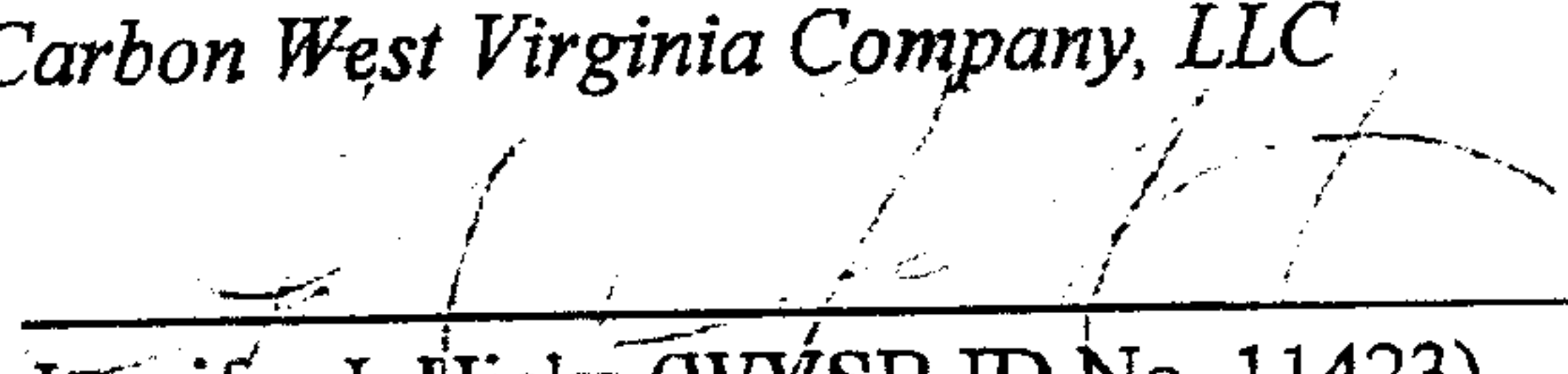
Defendants.

CERTIFICATE OF SERVICE

I, Jennifer J. Hicks, counsel for Defendant Cabot Oil & Gas Corporation, hereby certify that on this 2nd day of April, 2018, I caused service of the foregoing **CABOT OIL & GAS CORPORATION'S ANSWER TO VERIFIED COMPLAINT** to be made upon interested parties by depositing true and accurate copies of the same in envelopes addressed as follows:

Nicholas S. Johnson, Esquire
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Owen Reynolds, Esq.
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Jennifer J. Hicks (WVSB ID No. 11423)