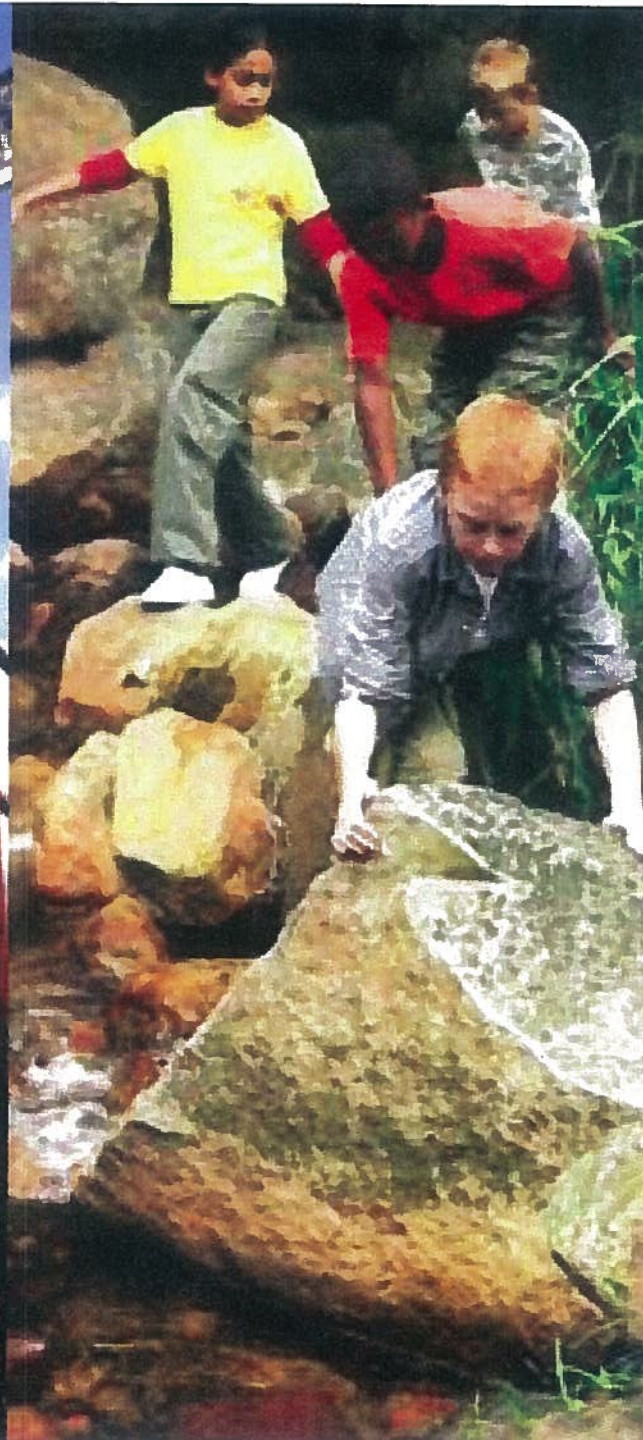


*Keys to Unlocking the
Marcellus Shale:*

Legislation to modernize the Regulatory Landscape

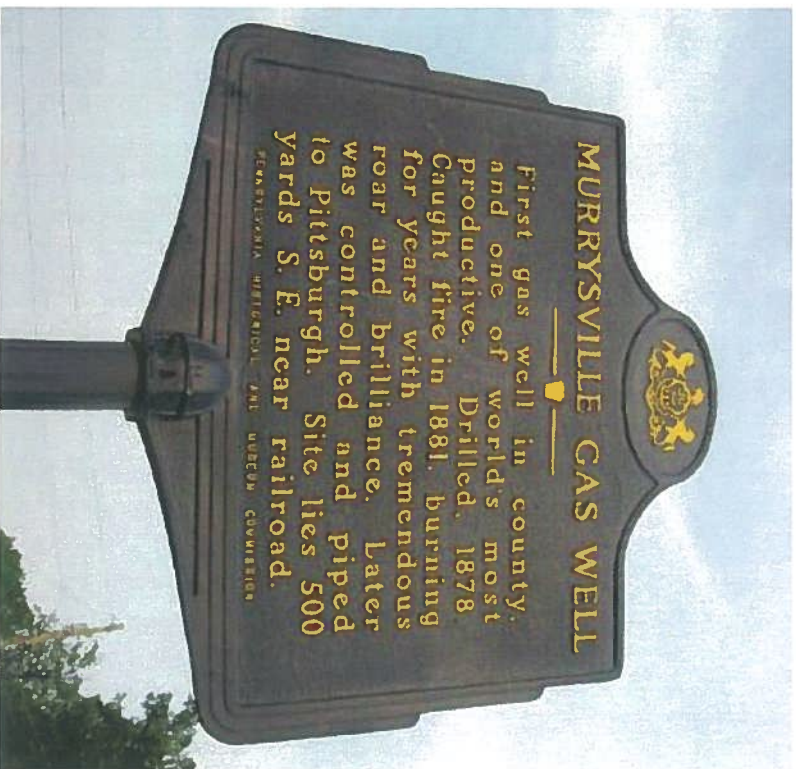
Steve Rhoads
East Resources, Inc.


Tapping Pennsylvania's Potential



Long Oil and Gas History

NaturalGas
Tapping Pennsylvania's Potential



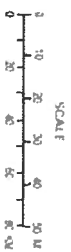
- 150 years producing oil and natural gas
- Fueling American homes since the late 1800s
- Hydraulic fracturing wells to produce natural gas for 60 years
- Several thousand shallow wells drilled each year for decades

PA's Conventional Oil & Gas Fields

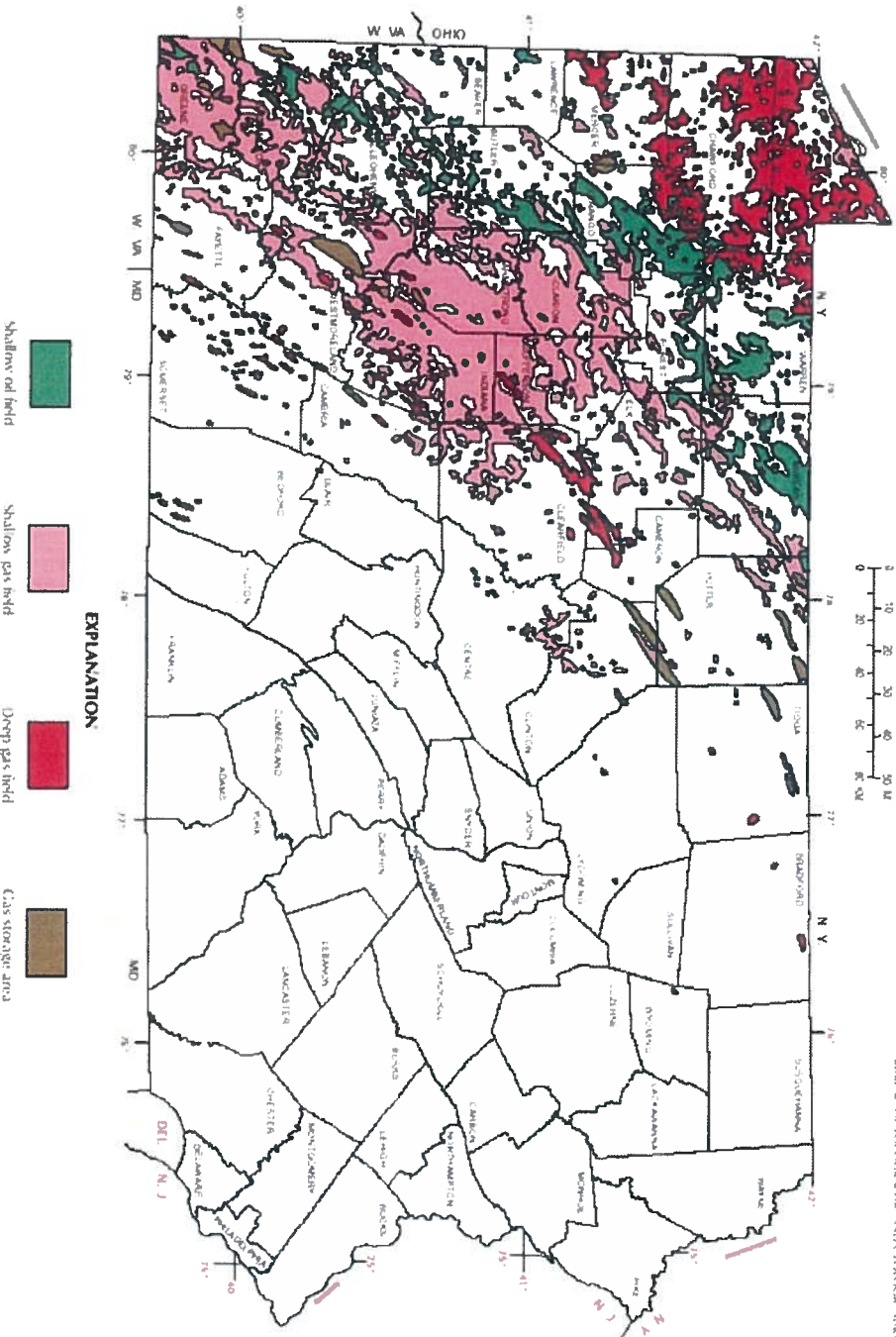
Natural Gas
Tapping Pennsylvania's Potential

MAP 10
DTN

OIL AND GAS FIELDS OF PENNSYLVANIA



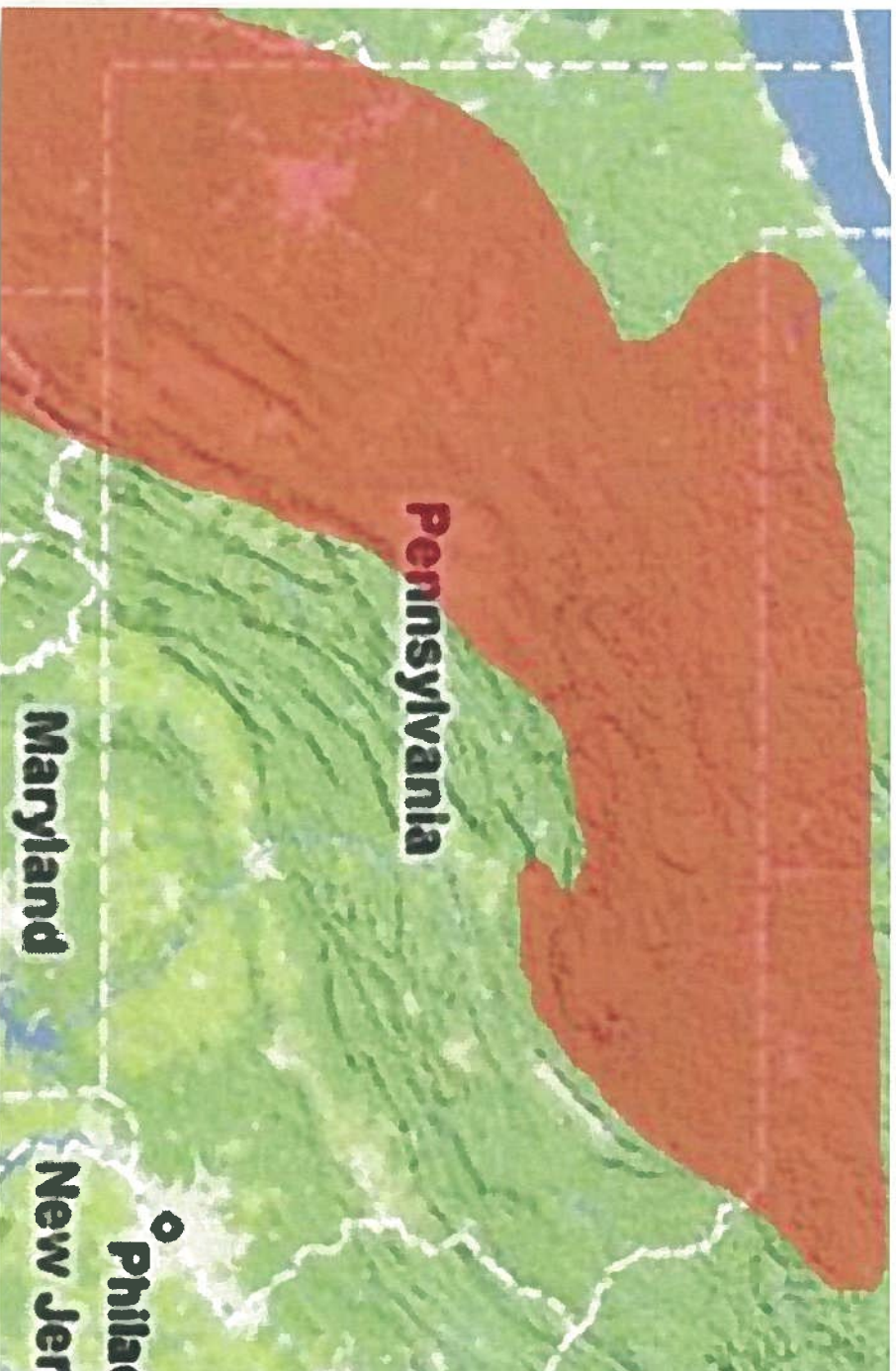
COMPILED FROM PENNSYLVANIA
REPORTS OF
CONSERVATION AND SAFETY BUREAU
OFFICE OF CONSERVATION AND ENGINEERING SERVICES
BUREAU OF TOPOGRAPHY AND FORESTRY SURVEY



- EXPLANATION**
- Shallow oil field
 - Shallow gas field
 - Deep gas field
 - Gas storage area

Marcellus Shale Formation

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www.PaMarcellus.com

Why is Marcellus important to PA?


Tapping Pennsylvania's Potential



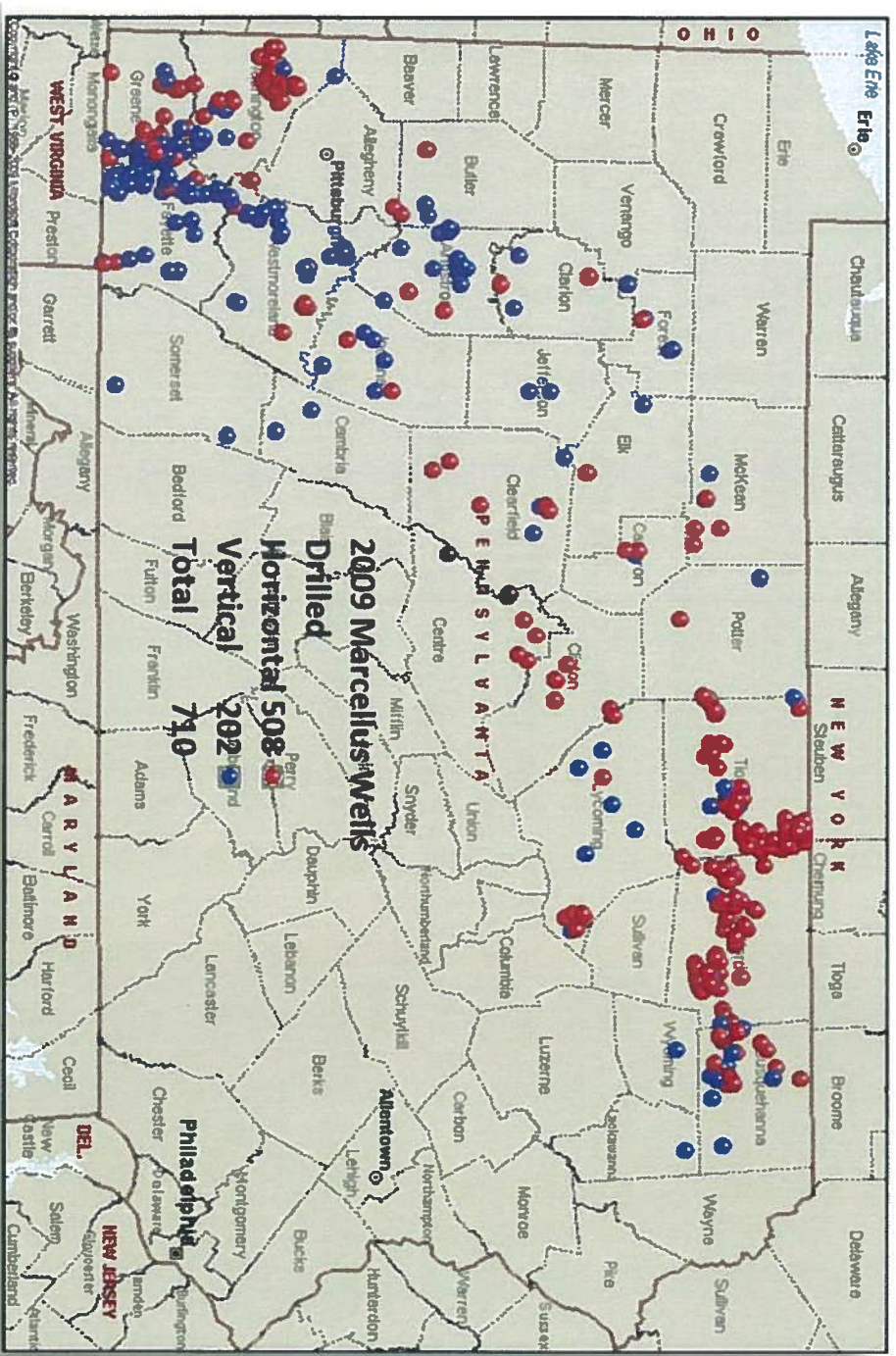
Development of Pennsylvania's Marcellus Shale reserves means:

- Long-term energy security of our nation
- Solid alternative to foreign oil
- Cleanest-burning fossil fuel for power generation
- Smaller footprint on the landscape
- Many new family-sustaining jobs
- Significant new wealth in rural PA
- Greater opportunity to save family farms
- New and future tax revenue

Marcellus Shale Development

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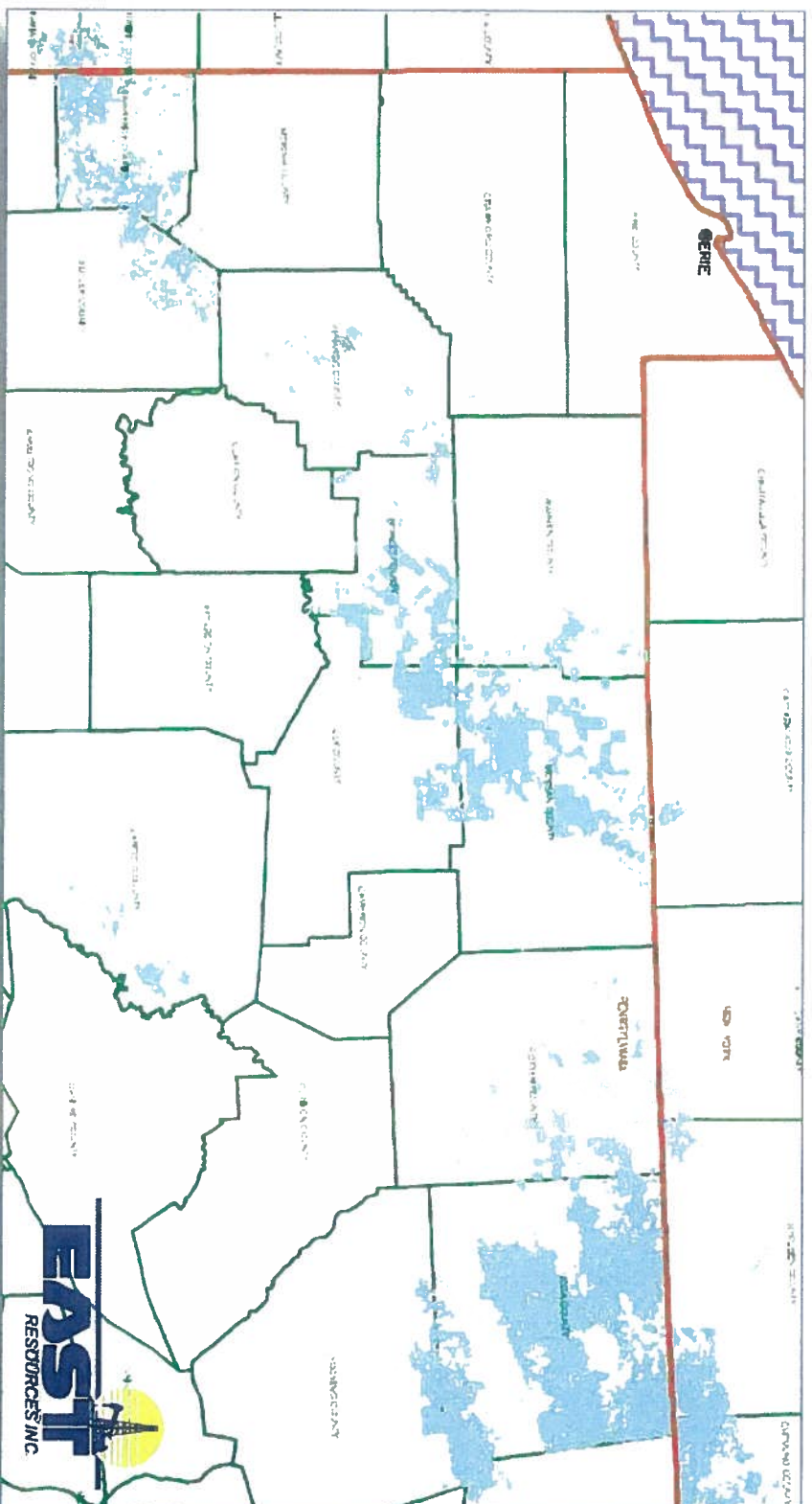
Marcellus Shale Wells drilled in 2009



East Resource's Role

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East's Current Property Holdings



www.PaMarcellus.com

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East's Employment Opportunities

- In 2008, 112 full-time employees
- In 2010, 210 full-time employees
- Additional 60 new hires planned for 2010

80% Pennsylvania residents

and the percentage is growing

- In 2010, 3 rigs running
- In 2012, 15 rigs running

**Each rig creates 350 direct
and indirect full-time jobs**



East Resource's Role


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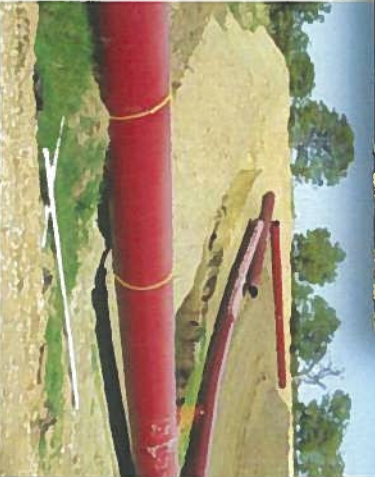
Tioga County Unemployment Rate

- dropped from 11.5% in March 2009 to 8.2% in March 2010
- lower than the PA average for the past 3 months
- lower than the national average for the past 6 months.
- The lion's share of new employment has been Marcellus-related



East Resource's Role

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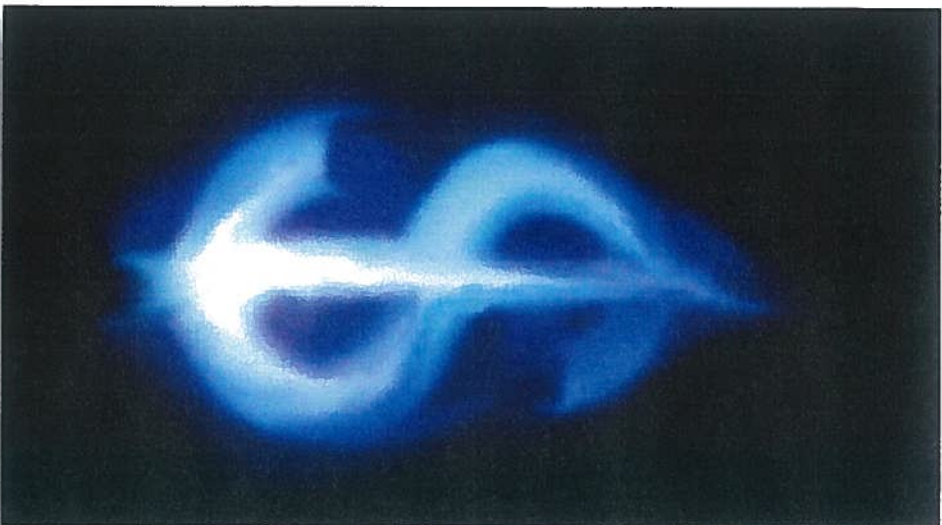
East Capital Investment

- In 2009:
 - \$160 million in well drilling and pipelines
 - \$75 millions for lease acquisitions
- In 2010:
 - \$470 million in well drilling and pipelines
 - \$50 million for lease acquisition



East Resource's Role

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Tapping Pennsylvania's Potential



Wealth Creation:

Royalty Revenues to Landowners

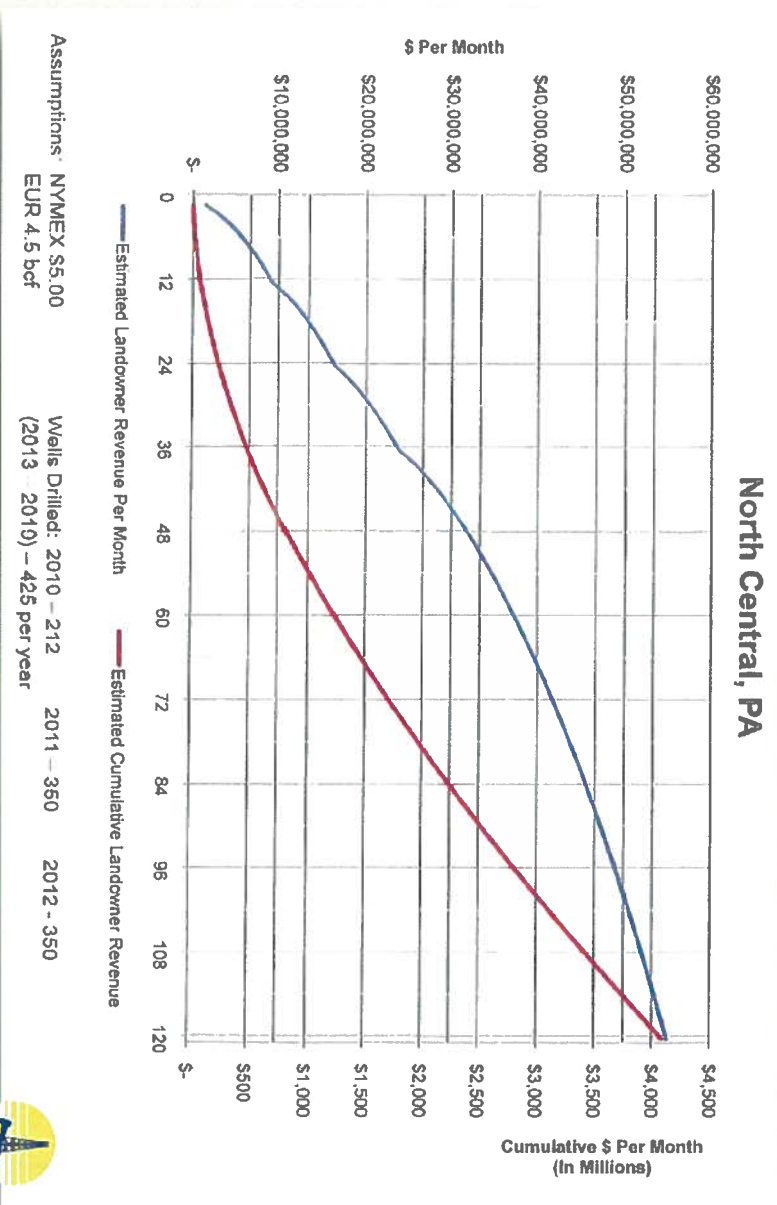
- Royalty Payout in 2010: est. \$60 million
- Future Royalty Growth based on:
 - Number of wells drilled
 - Estimated Ultimate Reserves (EUR)
 - Price of Gas at the wellhead



East Resource's Role

NaturalGas
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Wealth Creation: Royalty Revenues to Landowners



Industry's Commitment



Our Goal:

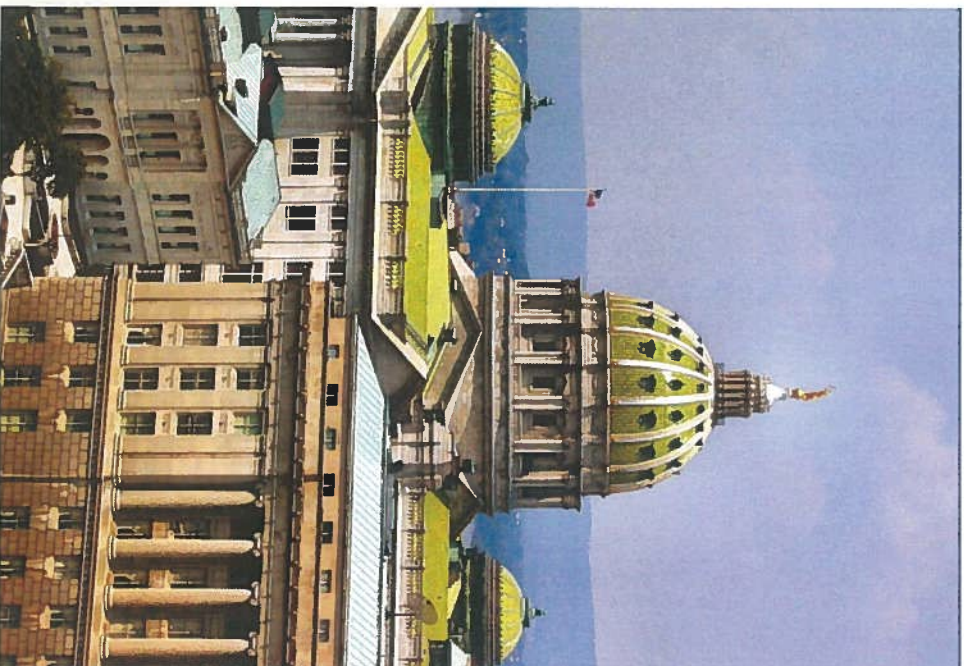
- To produce clean, domestic natural gas to secure our nation's energy future



Our objectives:

- Environmentally responsible development of Marcellus shale:
 - Responsible use of water resources
 - Reuse of produced water
 - Minimal impact on the landscape
- Proactive resolution of landowner, government and public concerns
- Job and Wealth Creation

Where Pennsylvania is now: Legislative and Regulatory Climate



- Efficient, effective permitting and enforcement program needed
 - Dedicated funding to enhance inspections and enforcement
 - Streamlined permitting
 - Modernizing technical standards
- Local ordinances set inconsistent, fragmented regulatory framework
- Statutory foundation for natural gas development needs reform
 - Industry working closely with legislative regulatory leaders to address key issues

Where Pennsylvania is now: Legislative Modernization Initiatives



- **Municipal Ordinance Reform**
to facilitate development of the resource
- **Fair Pooling**
*to rationalize development of the resource
and to share the wealth equitably*
- **Coal Gas Coordination (Act 214)**
*to enable economical & environmentally
sound well spacing in coal areas*
- **AFIG Incentives**
*to expand natural gas vehicle infrastructure
and fleets*
- **AEPS Amendments**
*to incentivize natural gas-fired power
generation*