

REGIONAL COOPERATION AGREEMENT

This **AGREEMENT TO ENHANCE REGIONAL COOPERATION AND JOB GROWTH THROUGH THE CONTINUING DEVELOPMENT OF SHALE GAS IN THE APPALACHIAN BASIN** (this “Agreement”), dated October 13, 2015, is entered into by and among the states of Ohio, West Virginia, and Pennsylvania (sometimes, collectively, the “Participants”).

RECITALS

WHEREAS, recent development of deep formation shale plays in the Appalachian Basin has positioned the states of Ohio, West Virginia, and Pennsylvania as an emerging world-class energy center (the “Tri-State Region”);

WHEREAS, production of Appalachian shale gas and natural gas liquids surpasses historical precedents every year and promises substantial growth over the next several decades, offering significant economic opportunities for the people of the Tri-State Region as well as providing domestic security for the United States, and diversifying the nation’s energy supply and manufacturing base;

WHEREAS, the U.S. Energy Information Administration announced that the Tri-State Region represents 85% of the increase in natural gas production in the United States since January of 2012 and predicts that the Marcellus shale will yield up to 147 trillion cubic feet of natural gas by 2040;

WHEREAS, a recent report issued by a consortium of academic institutions from the Tri-State Region concluded that development of the Utica shale could eclipse the Marcellus shale in natural gas production (*A Geologic Play Book for Utica Shale Appalachian Basin Exploration 2015*, Utica Shale Appalachian Basin Exploration Consortium, WVU) ;

WHEREAS, the Participants recognize that in order to truly prosper from these vast resources, the Tri-State Region should, in an environmentally sound manner, support all streams of the development process with a particular focus on adding value to the natural gas and natural gas liquids located in the Appalachian Basin within the Region;

WHEREAS, the Participants recognize that certain issues may exist related to infrastructure systems, workforce development, and promotional activities, that if overcome, would help the Tri-State Region best harness the potential of Appalachian shale gas and natural gas liquids;

WHEREAS, geographic proximity to North American population centers, access to world-class academic research centers, growth of advanced manufacturing capabilities, access to state-of-the-art training centers at community and technical colleges, and availability of plentiful and affordable feedstock makes the Tri-State Region an extremely competitive destination for current and future manufacturing operations;

WHEREAS, the Participants desire to work with interested stakeholders to evaluate the impact of providing access for the Tri-State Region's energy resources and value-added products to new markets;

WHEREAS, the Participants recognize that a regional strategy will help maximize shale gas opportunities in the Tri-State Region, thereby growing the economic base, attracting new manufacturing jobs, and developing a prepared and able workforce;

WHEREAS, the Participants desire to identify goals, policies, and programs that will ensure Appalachian shale gas and natural gas liquids are utilized as much as possible in local processing and for local business purposes to increase regional prosperity for current and future generations; and

WHEREAS, the Participants desire to work together and adopt a regional strategy as more fully set forth in this Agreement.

NOW THEREFORE, the Participants have reached the following understanding:

I. Purpose

The purpose of this Agreement is to promote and carry out cooperative activities that will maximize opportunities to develop and use Appalachian shale gas and natural gas liquids in a way that optimizes added economic value to the Tri-State Region in a safe and environmentally responsible manner.

II. Areas of Cooperation

The Participants intend to cooperate on the following four primary areas to effectuate the purpose of this Agreement:

A. Marketing and Promotion. Coordinating marketing activities that promote the Tri-State Region as a desirable destination for business and industry to invest in developing and using Appalachian shale gas and its derivatives to create benefits that accrue to each Participant state. The Participants intend to work collaboratively to market and promote the Tri-State Region as an optimal destination to locate or expand business and when appropriate work in a coordinated fashion to target companies that would benefit from the responsible development of these abundant natural resources by focusing on the region's comparative advantages *vis a vis* other national and global markets.

B. Workforce Development. The demand for skilled workers to accommodate the growing demand of the energy industry and manufacturing sectors that benefit from Appalachian shale gas and natural gas liquids requires enhanced levels of cooperative workforce development efforts in the Tri-State Region. The Participants intend to work collaboratively with technical education providers in the Tri-State Region to develop industry-supported and endorsed training programs (e.g., ShaleNET) and foster closer working relationships with interstate employers to ensure that the regional workforce is positioned to support energy and manufacturing projects.

C. Transportation and Infrastructure. Moving natural gas and natural gas liquids in a safe and environmentally sound manner from the source of their extraction to end users and new markets is critical to the long term prosperity and ecological health of the Tri-State Region. This requires investments in road systems, rail lines, waterways, processing centers, and transmission lines. Within the Tri-State Region, billions of dollars in new investment and infrastructure development have been made in the past five years, and billions more are in the planning stages, including the possibility of one or more petrochemical complexes within the region. The Participants intend to work together to support activities that will spur investment in expanding transportation systems to facilitate demand, use, and delivery of natural gas and natural gas liquids while assuring natural resource protection.

D. Research. The Tri-State Region is home to numerous world-class academic institutions of higher learning that are actively involved in advancing cutting-edge research to help capitalize on shale gas opportunities. Advancements in technology, data gathering and analytics, storage, transmission standards, safety programs and policies, and extraction techniques derive from advanced research efforts and practical application in the commercial sectors. The Participants intend to encourage academic institutions to expand collaborative research efforts that identify broader and environmentally-appropriate end uses of natural gas and natural gas liquids, including electricity generation, liquid fuel, feedstock for petrochemicals, alternative transportation fuels, and heating purposes.

III. Forms of Cooperation. Forms of cooperation under this Agreement may include:

A. Sharing information and experiences about successful policies and programs that have: 1) resulted in the growth of jobs and 2) protected and enhanced human health and the environment;

B. Organizing of symposia, seminars, workshops, exhibition, and training activities;

C. Collaborating to establish and promote entrepreneurship, economic growth, and job creation through innovative policies and programs;

D. Collaborating to identify ways to promote recycling and other environmentally sustainable practices within the industry.

E. Collaborating to identify best practices regarding emergency response protocols and processes within and between states.

F. Any other form of cooperation that the Participants consider may contribute to the goals and purpose of this Agreement.

IV. Cooperative Action Plan and Working Groups.

The Participants intend to develop a Cooperative Action Plan to achieve the objectives of this Agreement. To implement the Cooperative Action Plan, the Participants may establish Working Groups, led by officials representing the Participants, and comprised of experts in the areas that are defined in paragraph II of this Agreement, to pursue the objectives and purpose of this Agreement.

V. Third Party Participation.

If the Participants deem it helpful or convenient, individuals and entities from the private, public, academic, research or other sectors may be invited to support the cooperative activities described in this Agreement.

VI. Funding.

Each Participant intends to pay for expenses related to its own participation, unless alternative financial mechanisms can be used for specific activities, as appropriate, and as approved by their respective executive authority.

VII. Duration.

Cooperation under this Agreement is effective on the date of its signature. This Agreement shall renew annually through December 31, 2018, unless otherwise notified in writing of a Participant's desire to discontinue participation. Any Participant may discontinue its participation in this Agreement by providing written communication to the other Participants. If any Participant decides to discontinue participation in this Agreement, ongoing cooperative activities that have been approved or initiated and that have not concluded should continue, unless otherwise decided by the withdrawing Participant or the Participants.

VIII. Final Provisions.

The Participants acknowledge that this Agreement is only intended to provide for cooperation among the Participants and does not create any legally binding rights or obligations. To the extent that any other provision of this Agreement is inconsistent with this paragraph, this paragraph shall prevail. The Participants commit themselves in good faith to implement this Agreement to the fullest extent possible, subject to any changes in policy or law that they may adopt.

Signed in Morgantown, West Virginia, United States of America, on the thirteenth of October of two thousand fifteen, in three originals, all being equally authentic originals.

FOR THE STATE OF WEST VIRGINIA

Earl Ray Tomblin
Governor

FOR THE STATE OF OHIO

Mary Taylor
Lieutenant Governor

FOR THE STATE OF PENNSYLVANIA

Tom Wolf
Governor