

Date: September 25, 2011

To: Investors, Analysts and Interested Individuals

RE: PA Superior Court Remands *Butler v. Powers*

We are sorry that we could not return all the phone calls and emails that we received on Friday concerning the Bloomberg news article about the above referenced case. Hopefully with this note we can better clarify the practical operational issues to assist you in evaluating the implications of this case on Range's operations in Pennsylvania.

First, no case law or interpretation of existing law has changed at this time nor has there been an indication that the Superior Court or, more importantly, the Pennsylvania Supreme Court, will seek to change existing law. The Pennsylvania Superior Court (an intermediate court of appeals) has simply asked the lower court to clarify certain points before making a decision concerning a non-standard interpretation of the law using a court case involving gas present in coal. The central question before the court is whether the Marcellus Shale is more appropriately characterized as a "mineral," like coal, such that gas associated with the Marcellus Shale would follow any conveyances or reservations using "mineral" references rather than "gas" references.

THERE ARE NO ISSUES: (1) IF the owners of the oil, gas and minerals are all the same, or (2) IF the conveyance names both "gas and minerals" in the conveyance. The ONLY TIME that the question could arise for this issue is in the instance when "minerals" and "gas" are separately named without the other. Existing case law provides that if the specific interest is not explicitly named, the interest is not conveyed. This was the original ruling of the trial court in the *Butler v. Powers* case. The Superior Court has now remanded the case back to the lower court for further consideration of several issues.

Second, if the Superior Court were to render a decision contrary to the existing longheld view of ownership rights of shale gas, relief could come from the Supreme Court or the State legislature. Range does not expect the ultimate ruling to result in a change in law.

Most of your questions centered around, "What is the impact to Range and its on-going operations while this case is being decided?" In trying to answer that question we have asked our land staff to review a sample of our lease arrangements and the title information contained in our files. Here is what we have determined based on the information we have so far:

1. In reviewing our largest leases in Lycoming County, our leases were acquired from owners who acquired their interests from mineral tax assessments created by reservations that expressly treated "minerals" and "gas" on the same basis. Therefore, there would be no ambiguity as to the parties who own the gas rights in the Marcellus or any other formation. All the rights are similarly conveyed and owned by the same parties with whom Range has leases.
2. In reviewing a sample of leases in the southwest area of Pennsylvania, approximately 85% of our leases arise from owners with full ownership of the oil, gas and minerals without any prior reservation or conveyance of the rights separately. Therefore, there would be no ambiguity as to the parties who own the gas rights in the Marcellus or any other formation. Clearly it would be Range's lessors.

3. As to the estimated 15% of the leases in the southwest where partial interests or rights have been separately conveyed to others, Range would have to determine the specific language of the conveyances or reservations. IF partial interests were conveyed or reserved using the “oil, gas and minerals” language on a combined basis, then there would be no ambiguity as to ownership but simply owned in partial interests. IF “gas” and “minerals” language were not combined, then further title investigation would be required, and **ONLY IF THE COURT REVERSED THE COMMONLY HELD HISTORICAL CASE LAW** – a result no one expects at this time.

While this issue is handled in the courts, Range plans on conducting business as normal but identifying where there could be additional business risks if the court rendered an adverse interpretation. As drilling units are formed, title attorneys will identify any leasehold that could be impacted by the pending court actions. Range plans to make an informed business decision on a case-by-case basis for its future drilling operations. Given the fact that the average lease size in the southwest is around 20 acres, excluding acreage from drilling units until a decision is rendered should not have a material effect on our operations. However, Range has several options to consider. One option is to exclude the acreage from the unit until a determination by the court is made. A second option would be to include the acreage in the unit but make sure that no drilling laterals cross the tracts involved until a final determination is made. A third option would be to take an oil and gas lease from the related “mineral” interest owner to be assured that the “total interest” is covered by a valid lease. Any proceeds applicable to any questionable interest would be held in suspense until the courts decide the rightful owner of the interest. Title to oil and gas interest is typically not fully analyzed until the commencement of drilling operations, due to the time and expense of the detailed title examinations. Curative title requirements are typically found that are satisfied prior to the actual drilling of wells. Range will treat this uncertainty similar to other customary title issues in our normal course of business. With the vast amount of drilling and acreage that Range has to evaluate, we do not expect that this will delay our day-to-day operations.

The named court case concerns acreage in Susquehanna County where Range does not have any acreage. Consulting with various Pennsylvania legal advisors, most believe that the courts will ultimately decide the case based on the longheld view that unless explicitly stated, the interests are not conveyed or reserved.

If you have any further questions that we can answer on how Range will handle its activities, please feel free to contact us.

Rodney Waller	817.869.4258
David Amend	817.869.4266
Laith Sando	817.869.4267