

# ECA Marcellus Trust I

## Transaction Highlights

- ECA successfully priced the \$182 MM ECA Marcellus Trust I royalty trust on July 1, 2010
  - First-ever “drilling” trust structured
- ECA used the net proceeds to accelerate its drilling program in the Appalachian Basin
- The offering was priced at \$20/unit (midpoint of the range) during a period of bearish market conditions and falling commodity prices
- ECA received valuation of ~\$45,000/undeveloped acre and \$2.45/Mcf <sup>(1)</sup>

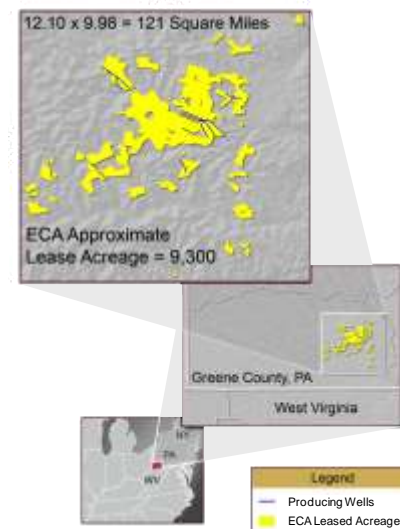
## Transaction Rationale

- Accelerate development of high return / low risk asset
- Access public capital while remaining a private company
- Attractive cost of capital
- Maintain 100% operating control of assets
- Wellbore conveyance allows Sponsor to further develop underlying acreage beyond Trust Wells
- Maintain exposure to upside of reserves
- Strategically superior to traditional joint ventures

(1) Adjusted to reflect \$/Mcf net of capital costs and LOE

## Trust Asset Detail

- Horizontal Marcellus Shale formation in Appalachian Basin in Greene County, PA
- Proved reserves of 108.6 Bcf (68% PUD)
- AMI of 9,300 net acres (undrilled acreage reverts back to ECA after 52 gross trust PUD wells drilled)



## Structural Features

- 20-year term paying quarterly distributions
- 75% Common Units held by public and Sponsor
- 25% Subordinated Units held by Sponsor
- Targeted Distributions projected for 20-year term
- Subordination threshold at 80% of Target through drilling period
- IDRs to Sponsor above 120% of Target during drilling period
- No well to be drilled within 500' of a trust well