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TO: EQT Royalty Owners

FROM: EQT Owner Relations Team

DATE: March 2, 2018

RE: Changes to Distribution of Royalties

Since inception of leases allowing for the deduction of post-production expenses, EQT has been subsidizing a portion of the cost to gather the gas produced from those well(s). Producing companies, such as EQT, are charged various costs to gather the gas for transport. As part of these gathering costs, EQT has been paying the depreciation, depletion and amortization (DD&A) costs, and return on investment (ROI) charges, which under state law are permitted to be deducted as a post-production expense from royalty checks.

Beginning in 2018, EQT and its royalty owners will be sharing in these post-production expenses and EQT will be allocating royalty owners with their proportion of gathering charges as related to DD&A and ROI costs. As a result, if your lease provides for deductions, you will likely see an increase in the amount deducted for post-production expenses on your March 2018 royalty statement.

Should total gathering expenses exceed the proceeds received for the sale of the gas, it's important to note that EQT, unlike other producers, will not issue a negative royalty check to its leaseholders. While this is a practice that may be permitted in the language of certain leases, EQT royalty owners will not be responsible for reimbursing EQT for gathering expenses that exceed royalty payments.

If you have any questions regarding changes to EQT's royalty payment practices, please contact EQT Owner Relations at OwnerRelations@eqt.com – OR – call 844-EQT-LAND (844-378-5263). We value our continued partnership and thank you for being an EQT leaseholder.