



Ohio Department of Natural Resources

JOHN R. KASICH, GOVERNOR

JAMES ZEHRINGER, DIRECTOR

Richard J. Simmers, Chief

Division of Oil and Gas Resources Management
2045 Morse Road – Bldg. F-2
Columbus, OH 43229-6693
Phone: (614) 265-6922 Fax: (614) 265-6910

ORDER BY THE CHIEF

April 21, 2016

ORDER NO. 2016-120

**TO: Antero Resources Corporation
Attn: Vice President of Land
1615 Winkoop Street
Denver, CO 80202**

**RE: Application for Unitization
Clara Unit
Monroe County, Ohio**

SUBJECT: Order for Unit Operations of the Utica/Point Pleasant Formations

Pursuant to Ohio Revised Code (“R.C.”) § 1509.28, the Chief of the Division of Oil and Gas Resources Management (“Chief” or “Division”) makes the following Findings and issues the following Order with respect to Antero Resources Corporation’s (“Antero”) Application for Unit Operations for the Clara Unit:

DEFINITIONS:

As used in this order:

- 1) “Person” has the same meaning as in R. C. §1509.01 of the Ohio Revised Code.
- 2) “Application” means the application of Antero Resources Corporation for Unit Operation of the Clara Unit filed August 18, 2015, and includes all updates, amendments, and supplements to it.
- 3) “Royalty interest owner” means a person, or the estate of a person, who owns the right to, or interest in, any portion of the oil and/or gas, or proceeds from the sale thereof, from a tract, other than a working interest owner.
- 4) “Working interest” means an interest in oil and/or gas in the unit area by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of which is obligated to pay, either in cash or out of production or

otherwise a portion of the unit expense. Antero owns 100% of the working interest in the Clara Unit.

- 5) "Working interest owner" means a person, or the estate of a person, who owns an interest in oil and/or gas in the unit area by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of which is obligated to pay, either in cash or out of production or otherwise a portion of the unit expense. "Working interest owner" does not include an unleased mineral owner.
- 6) "Unleased mineral owner" means a royalty interest owner who owns oil and gas rights free of a lease or other instrument conveying all or any portion of the working interest in such rights to another. At the time of the hearing on the application there were no unleased mineral owners.
- 7) "Consenting working interest owner" means any working interest owner who enters, into an agreement with Antero pertaining to the operation of the Clara Unit.
- 8) "Non-consenting working interest owner" means a working interest owner who does not enter into an agreement with Antero pertaining to the operation of the Clara Unit.
- 9) "Gas" has the same meaning as in R.C. §1509.01 of the Ohio Revised Code.
- 10) "Oil" has the same meaning as in R.C. §1509.01 of the Ohio Revised Code.
- 11) "Unit Area" means all of the lands, oil and gas leases and/or oil and gas interests of thirty-three (33) tracts as shown in Exhibit B totaling 706.154 acres located in Seneca and Summit Townships, Monroe County, Ohio as shown in Exhibit A.
- 11) "Unit Participation" means the ratio of the surface acreage of a specific tract in the unit area to the total surface acreage of the unit area as that total surface acreage is specified in paragraph one of the Plan for Unit Operations of this order.

BACKGROUND:

- 1) Antero has filed the application pursuant to R. C. §1509.28 to operate as a unit the Utica/Point Pleasant Formations at an approximate true vertical depth located from fifty (50) feet above the top of the Utica Shale to fifty (50) feet below the base of the Point Pleasant Formation. A supplement to the application was filed on November 12, 2015. Additionally, an Affidavit of Non-Conforming Lease Modification Efforts was filed on December 16, 2015. The application includes a Plan for Unit Operations, Model Form Operating Agreement and relevant exhibits. The Application also includes the pre-filed testimony of the following Antero employees: Brandon Binford, geologist; Hal Hogsett, reservoir engineer; and Jordan P. Brandenburg, landman.

- 2) Pursuant to R.C. 1509.28, the Division held a hearing on December 16, 2015, in Columbus, Ohio at the Ohio Department of Natural Resources ("ODNR"), to consider the need for the operation as a unit of an entire pool or part thereof. At the hearing, Antero employees Binford, Hogsett and Brandenburg confirmed their pre-filed testimony and answered questions posed by Division staff members.

FINDINGS:

- 1) Based on the application and testimony by Antero's employees, the Chief finds that Antero has established that it is the "owner," as that term is defined in R.C. 1509.01(K), of greater than sixty-five percent (65%) of the land area overlying the pool in the Clara Unit as required by R.C. 1509.28(A).
- 2) Based on the application and testimony by Antero's employees, the Chief finds that the operation of the Clara Unit is reasonably necessary to increase substantially the ultimate recovery of oil and gas.
- 3) Based on the application and testimony by Antero's employees, the Chief finds the value of the estimated additional recovery of oil or gas from the Clara Unit exceeds the estimated additional cost incident to conducting the operation of the Clara Unit.

ORDER:

IT IS HEREBY ORDERED:

Pursuant to R.C. 1509.28, Antero is authorized to conduct operations within the Clara Unit in accordance with all of the following:

Plan for Unit Operations

- 1) The unit area is comprised of thirty-three (33) tracts totaling 706.154 acres in Seneca and Summit Townships, Monroe County, Ohio, as shown on Exhibit A.
- 2) Antero proposes to drill four (4) wells from a single pad site in the Clara Unit for the purpose of recovering oil and gas. Drilling operations shall commence in the unit area within twelve (12) months from the date of approval of this Order. In order to achieve the stated goal of substantially increasing the ultimate recovery of oil and gas from the Utica/Point Pleasant Formations within the unit area, Antero shall produce from four (4) wells no later than five (5) years after the date of approval of this order. If Antero fails to drill, complete, and produce at least four (4) wells in the unit area, the Chief may amend or terminate this order. Any

additional wells permitted by the Chief for the Utica/Point Pleasant Formations in the unit area are subject to this order.

- 3) Evidence introduced by Antero at the Clara Unit hearing establishes that the Utica/Point Pleasant Formation uniformly underlies the unit area. Therefore, the allocated share of production to each tract shall be equal to that tract's unit participation.
- 4) Except as provided in Paragraph 9(d) of this order, all charges and credits made for investments in wells, tanks, pumps, machinery, materials, and equipment shall be allocated among the working interest owners of each tract based on the unit participation. The proportionate share of the expenses attributable to tracts of the unleased mineral owners shall be allocated to Antero and the working interest owners.
- 5) All unit operation expenses shall be charged to, and paid by, Antero and working interest owners in amounts based on the unit participation plus their proportionate share of the expenses attributable to the tracts of unleased mineral owners. All unit operation expenses concerning wells and operating equipment shall be just and reasonable.
- 6) If necessary, Antero and the consenting working interest owners shall carry, or otherwise finance, any non-consenting working interest owners who are unable to meet their financial obligations in connection with the unit operations. Antero and all other consenting working interest owners' reasonable interest charge for carrying or financing the non-consenting working interest owners shall be determined by the terms of Antero's Plan for Unit Operations and Model Form Operating Agreement for the Clara Unit. Once a specific cost is charged to the initial well, that same cost cannot be charged to subsequent wells in the unit area.
- 7) Antero shall supervise and conduct all unit operations. Each working interest owner shall have a voting interest equal to its Unit Participation. Approval of unit operations shall be subject to the terms of Antero's Plan for Unit Operations and Model Form Operating Agreement for the Clara Unit.
- 8) Unit operations may commence as of 7:00 a.m. on the day following the effective date of this order. Once the initial well is placed into production, operations within the Clara Unit may continue as long as hydrocarbons are produced from any well in the unit area without a cessation of more than ninety (90) days, unless otherwise approved by the Chief in writing. The Clara Unit may be terminated if working interest owners owning at least fifty-one percent (51%) of the working interest in the unit area determine that the unit operations are no longer warranted. If the unit operations are so terminated, Antero shall provide written notice of the termination to the Division and to all unleased mineral owners. In the event that termination of unit operation occurs prior to drilling and completing for production of four (4) wells in the Clara Unit, the Chief may amend this order.

- 9) The following additional provisions are found to be appropriate:
- a) No activity associated with the drilling, completion, or operation of the Clara Unit shall be conducted on the surface of any unleased property without the prior written consent of the owner of the surface rights of the unleased property.
 - b) Unleased mineral owners shall not incur liability for any personal or property damage associated with any drilling, testing, completing, producing, operating, or plugging activities within the Clara Unit.
 - c) Each unleased mineral owner shall receive a monthly cash payment equal to a one-eighth (1/8) landowner royalty interest calculated on gross proceeds. Allocation of the one-eighth (1/8) landowner royalty shall be based on the unit participation of each unleased mineral owner's tract. Antero shall make royalty payments to all royalty interest owners at the same time.
 - d) In addition to the royalty payment, each unleased mineral owner shall receive a monthly cash payment equal to a seven-eighths (7/8) share of the net proceeds from production. Allocation of the seven-eighths (7/8) share shall be based on the unit participation of each unleased mineral owner's tract. After the working interest owners recover a reasonable interest charge equal to 200% of the cost of drilling, testing, completing, and producing the initial well, the working interest owners shall begin making such monthly payments for that well. For each additional well drilled in the unit area, the working interest owners shall begin making monthly payments equal to seven-eighths (7/8) share of net proceeds from production to each unleased mineral owner once the working interest owners have recovered a reasonable interest charge equal to 150% of the cost of drilling, testing, completing, and producing. Once a specific cost is charged to the initial well, that same cost cannot be charged to subsequent wells in the unit area.
 - e) Nothing in this order prohibits the unleased mineral owner from entering into a lease agreement with Antero pursuant to terms agreeable to both parties. An unleased mineral owner who enters into a lease with Antero after the issuance of this order is no longer an unleased mineral owner under this order as of the effective date of the lease. Antero shall notify the Division upon the execution of a lease agreement with any unleased mineral owner who is subject to this order.
 - f) Except as provided in Paragraph 9(d) of this order, no expenses shall be paid by an unleased mineral owner for drilling, testing, completing, producing, or operating any well in the unit area. However, the unleased

mineral owner is not responsible for any costs related to plugging any well in the unit area.

- g) If requested in writing by any unleased mineral owner or by any non-consenting working interest owner, or in any manner by the Division, Antero shall provide, not later than thirty (30) days after the request, any of the following:
 - i. A monthly statement of all costs incurred, together with the quantity of oil and gas produced, and the amount of proceeds realized from the sale of production during the preceding month; and
 - ii. Any authorization for expenditure (AFE) prepared by Antero; and
 - iii. A statement of all costs and expenses for purposes of Paragraphs 6 and 9(d) of this order.
 - h) Antero shall notify the Division of the assignment or transfer of any of its working interest in the Clara Unit. If Antero assigns or transfers any of its working interest, the assignee or transferee shall comply with this order.
 - i) Antero shall notify the Division if a tract that is leased by Antero, or any other consenting working interest owner, for purposes of operating the Clara Unit becomes an unleased tract. If Antero or the consenting working interest owner is unable to enter into lease agreement for the unleased tract, Antero must submit a request to the Division for an amendment of this order, which will include a new hearing before the Chief.
 - j) Antero shall notify the Division if any consenting working interest owner revokes, rescinds or otherwise terminates the agreement with Antero pertaining to the operation of the Clara Unit. Antero shall also notify the Division if any consenting working interest owner assigns or transfers all or part of its working interest in the Clara Unit.
 - k) Antero shall notify the Division if any non-consenting working interest owner enters into an agreement with Antero pertaining to the operation of the Clara Unit.
- 10) This order is not effective unless and until Antero provides the Chief with final written approval of the unit operations as prescribed in this order by Antero and consenting working interest owners, and also by the royalty or, with respect to unleased acreage, fee owners of sixty-five percent (65%) of the acreage to be included in the unit. Upon receipt of this approval, this order shall become effective, and unit operations may commence as set forth above. In the event that Antero fails to provide all required approvals within six (6) months after the issuance date of this order, the order will be deemed revoked, and the Chief shall provide notice of the revocation to Antero, to the unleased mineral owners, and to the non-consenting working interest owners.

- 11) In the event that this Chief's Order is appealed, the time periods as specified in this order are tolled pending final determination of the appeal.
- 12) Within twenty-one (21) days of this order becoming effective, Antero shall file a copy of this order with the Monroe County (Ohio) Recorder's Office, in the records of each of tracts that are subject to this order and referenced in Exhibit A of this order. Antero shall submit a certification of the filing to the Division within fourteen (14) days of filing. The certification shall include a reference to the volume and page number corresponding to each record where the Chief's Order is recorded.
- 13) The Chief of the Division retains continuing jurisdiction over the Clara Unit as is consistent with the Chief's powers and duties as established by R.C. Chapter 1509 and Ohio Admin. Code 1501:9. The Chief reserves the right to amend this Order subsequent to the commencement of unit operations within the unit area.
- 14) Except as specifically set forth in the terms of this order, nothing herein shall be construed as a release or waiver of any private right, obligation, duty, claim or cause of action.
- 15) In the event of a conflict between this Chief's Order and Antero's Plan for Unit Operations and Model Form Operating Agreement attached to the application, this Chief's Order shall take precedence.

April 21, 2016
Date

Richard J. Simmers
Richard J. Simmers, Chief
Division of Oil and Gas Resources Management

Addressee is hereby notified that this action is final and effective and may be appealed pursuant to Section 1509.36 of the Ohio Revised Code. If the Order is appealed to the Ohio Oil and Gas Commission, the appeal must be in writing and must set forth the Orders complained of and the grounds upon which the appeal is based. Such appeal must be filed with the Oil and Gas Commission, 2045 Morse Road, Building H-3, Columbus, Ohio 43229-6693, within thirty (30) days after receipt of this Order.

In addition, within three (3) days after the appeal is filed with the Oil and Gas Commission, notice of the filing must be submitted to Richard J. Simmers, Chief, Division of Oil and Gas Resources Management, Ohio Department of Natural Resources, 2045 Morse Road, Building F-2, Columbus, Ohio 43229-6693.

Enclosures: Exhibit A
Exhibit B

CERTIFIED MAIL TO ALL LISTED ON A-2 AND:

W. Jonathan Airey, Gregory D. Russell
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008

Antero Resources Corporation
Attn: Vice President of Land
1615 Winkoop Street
Denver, CO 80202

EXHIBIT A

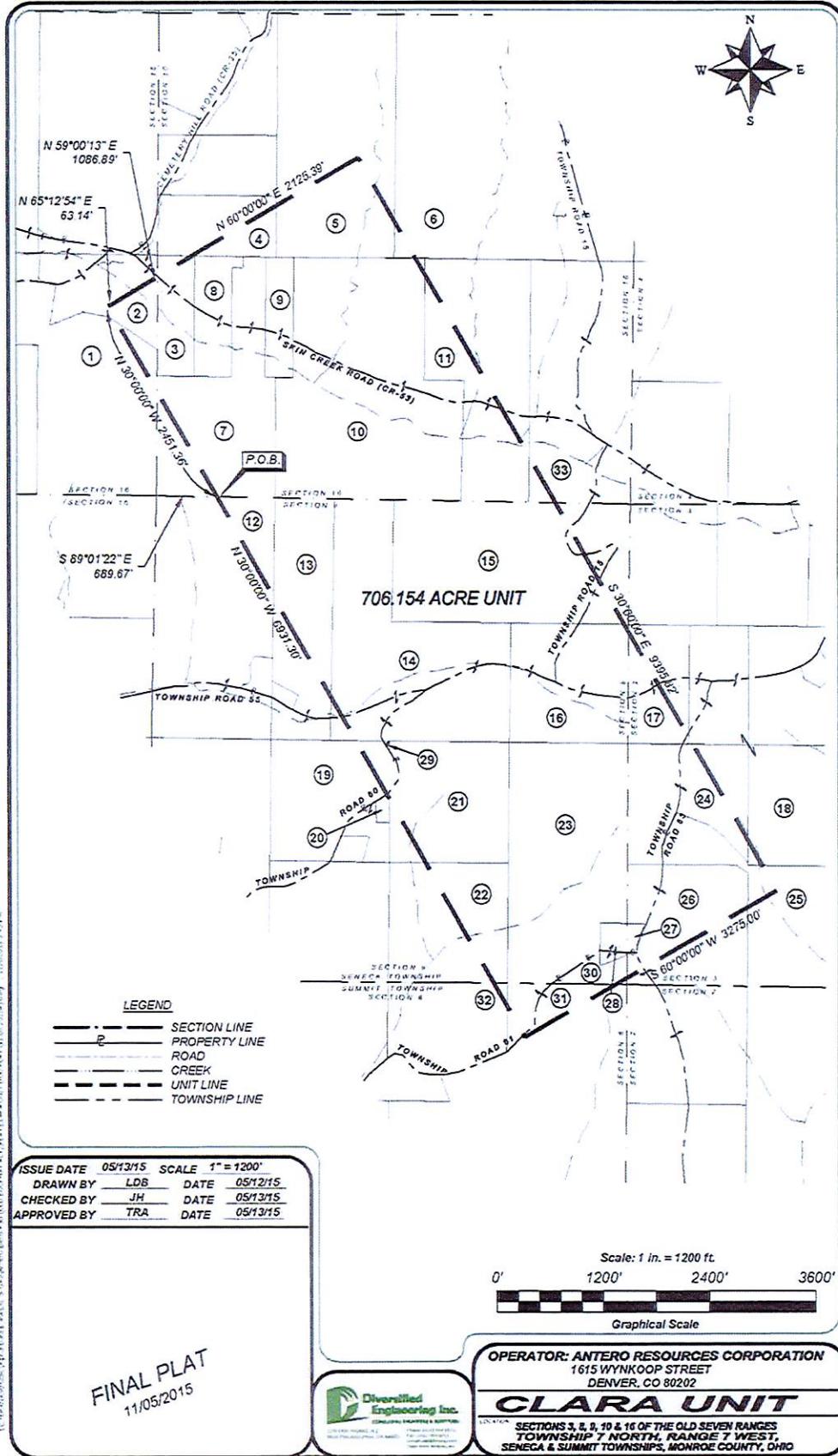


EXHIBIT B

Dara Unit Tract List

Tract	Current Mineral Owner	Leased/Fee Yes or No	Current Mineral Owner Interest In tract	Total Acres in Unit	Current Mineral Owner Acres in Unit*	Tract Participation	Antero Working Interest**	Antero Unit Participation ***	Parcel ID	Township	Current Mineral Owner Address
1	Shelba Wills aka Shelba Jean Wills	Yes	100%	2,461	2,461	0.34851%	100.000000%	0.34851%	21-011009.0000	Seneca	867 Westview Drive Woodsville, OH 43793
2	Shelba Wills aka Shelba Jean Wills	Yes	100%	5,626	5,626	0.79671%	100.000000%	0.79671%	21-011013.0000	Seneca	867 Westview Drive Woodsville, OH 43793
3	Baker's Homestead Minerals LLC	Yes	100%	11,679	11,679	1.65389%	100.000000%	1.65389%	21-012006.1000	Seneca	Attn: Ronald E. Baker 28312 Township Road 73 Lewisville, OH 43754
4	Baker's Homestead Minerals LLC	Yes	100%	6,228	6,228	0.88196%	100.000000%	0.88196%	21-012006.0000	Seneca	Attn: Ronald E. Baker 28312 Township Road 73 Lewisville, OH 43754
5	Skin Creek Valley Farms Minerals, LLC	Yes	100%	24,913	24,913	3.52798%	100.000000%	3.52798%	21-012003.0000	Seneca	Attn: Debbie Bowen 28312 Township Road 73 Lewisville, Ohio 43754
6	Mark E. Headley	Yes	100%	1,115	1,115	0.15790%	100.000000%	0.15790%	21-012017.0000	Seneca	123 East Waterloo Road Akron, OH 44319
7	Bakers Acres Minerals LLC	Yes	100%	43,410	43,410	6.14738%	100.000000%	6.14738%	21-012007.0000	Seneca	Attn: Ronald E. Baker 28312 Township Road 73 Lewisville, OH 43754
8	Bakers Acres Minerals LLC	Yes	100%	13,464	13,464	1.90667%	100.000000%	1.90667%	21-012008.0000	Seneca	Attn: Ronald E. Baker 28312 Township Road 73 Lewisville, OH 43754
9	Malcolm B. Roe	Yes	100%	9,741	9,741	1.37944%	100.000000%	1.37944%	21-012009.0000	Seneca	30320 Skin Creek Road Lewisville, OH 43754
10	Rhonda Stevens	Yes	8.750%	110,680	9,685	15.67363%	100.000000%	15.67363%	21-012011.0000	Seneca	15146 TWP Rd. 403 Thornville, OH 43076
10	Gregory Stevens	Yes	2.500%		2,767		100.000000%		21-012011.0000	Seneca	115 Durcan Drive Pataaskala, OH 43062
10	Daniel Andrews	Yes	1.250%		1,384		100.000000%		21-012011.0000	Seneca	2255 Fox Sedge Way, Apt. E Westchester, OH 45069
10	Cynthia Stallings	Yes	12.500%		13,835		100.000000%		21-012011.0000	Seneca	48655 Cold Water Creek Rd. Caldwell, OH 43724
10	Carltn Carpenter	Yes	4.167%		4,612		100.000000%		21-012011.0000	Seneca	10280 Plainfield Rd. Kimbolton, OH 43749
10	Bruce Carpenter	Yes	4.167%		4,612		100.000000%		21-012011.0000	Seneca	708 N 11th St. Cambridge, OH 43725
10	Jeffery Carpenter	Yes	4.167%		4,612		100.000000%		21-012011.0000	Seneca	59100 Claysville Rd. Cambridge, OH 43725
10	Sandra Moore	Yes	6.250%		6,918		100.000000%		21-012011.0000	Seneca	PO Box 78 Summerfield, OH 43788
10	Bradford Harding	Yes	3.125%		3,459		100.000000%		21-012011.0000	Seneca	602 Frost Dr Bay City, MI 48706
10	Crystal Lynn Little	Yes	3.125%		3,459		100.000000%		21-012011.0000	Seneca	360 S. Lincoln Rd. Bay City, MI 48708

21	Jimmy D. Ackerman or Carolyn R. Durbin, Trustees or their successor(s) as Trustees of The Ackerman-Durbin Family Trust, dated September 17, 2001	Yes	100%	37.511	37.511	5.31201%	100.000000%	5.31201%	20-015011.0000	Seneca	P.O. Box 22 Danville, OH 43014
22	Leonard E. Burkhart	Yes	33.33%	16.485	5.495	2.33448%	100.000000%	2.33448%	20-015007.0000	Seneca	9144 Scott NE Louisville, OH 44641
22	James R. Burkhart	Yes	33.33%		5.495		100.000000%		20-015007.0000	Seneca	1225 28th Street NE Canton, OH 44714
22	Larry D. Burkhart	Yes	33.33%		5.495		100.000000%		20-015007.0000	Seneca	2847 Abbott Place NW Canton, OH 44708
23	Mary Jane Blackburn	Yes	100%	75.313	75.313	10.66524%	100.000000%	10.66524%	20-015006.0000	Seneca	221 Airport Road SE Carrollton, OH 44615
24	Mary Jane Blackburn	Yes	100%	25.947	25.947	3.67441%	100.000000%	3.67441%	20-014004.0000	Seneca	221 Airport Road SE Carrollton, OH 44615
25	Carolyn Dick	Yes	12.5%	10.417	1.302	1.47517%	100.000000%	1.47517%	21-014014.0000	Seneca	32700 Burkhart Middle Church Road Louisville, OH 43754
25	Helen Gardner	Yes	12.5%		1.302		100.000000%		21-014014.0000	Seneca	26 Buckingham Drive Chamberburg, PA 17201
25	Catherine Gallegher	Yes	12.5%		1.302		100.000000%		21-014014.0000	Seneca	P.O. Box 43 Malaga, OH 43757
25	Barbara L. Burkhart	Yes	12.5%		1.302		100.000000%		21-014014.0000	Seneca	8975 Filiz Lane Powell, OH 43065
25	Ruth Taylor	Yes	12.5%		1.302		100.000000%		21-014014.0000	Seneca	1107 Poplar Springs Road Ortanna, PA 17353
25	Janet Hagins	Yes	12.5%		1.302		100.000000%		21-014014.0000	Seneca	2716 Sunchase Boulevard Burlington, KY 41005
25	Rose Mary Burkhart-Saneda	Yes	12.5%		1.302		100.000000%		21-014014.0000	Seneca	2825 Bohlen Drive Hilliard, OH 43026
25	Shirley Reed	Yes	12.5%		1.302		100.000000%		21-014014.0000	Seneca	5856 Melinus Road Dublin, OH 43016
26	Timothy Betts, Valerie M. Henthorn & Lisa A. Lumbatis as Trustees of the Betts Family Trust, dated December 30, 2009	Yes	100%	25.584	25.584	3.62301%	100.000000%	3.62301%	21-014008.0000	Seneca	33653 State Route 78 Lewisville, OH 43754
27	Reverend Jeffrey M. Monforton, Successor Bishop of the Roman Catholic Diocese of Steubenville	Yes	100%	1.121	1.121	0.15875%	100.000000%	0.15875%	20-014000.0000	Seneca	422 Washington Street P.O. Box 969 Steubenville, OH 43952
28	Reverend Jeffrey M. Monforton, Successor Bishop of the Roman Catholic Diocese of Steubenville	Yes	100%	2.866	2.866	0.40586%	100.000000%	0.40586%	20-015000.0000	Seneca	422 Washington Street P.O. Box 969 Steubenville, OH 43952
29	D&E Hillside Acres, LLC	Yes	100%	0.091	0.091	0.01289%	100.000000%	0.01289%	20-015002.0000	Seneca	Attn: Helen Elaine Bledenbach 30160 Township Road 55 Lewisville, OH 43754
30	CCLC Partners, LLC	Yes	100%	4.138	4.138	0.58599%	100.000000%	0.58599%	20-015003.0000	Seneca	Attn: Carolyn Dick 32700 Burkhart Middle Church Road Lewisville, OH 43754
31	CCLC Partners, LLC	Yes	100%	9.068	9.068	1.28414%	100.000000%	1.28414%	22-001002.0000	Summit	Attn: Carolyn Dick 32700 Burkhart Middle Church Road Lewisville, OH 43754
32	Leonard E. Burkhart	Yes	33%	0.425	0.142	0.06019%	100.000000%	0.06019%	22-001004.0000	Summit	9144 Scott NE Louisville, OH 44641

32	James N. Burkhart	Yes	33%		0.142		100.000000%	22-001004.0000	Summit	1225 28th Street NE Canton, OH 44714
32	Larry D. Burkhart	Yes	33%		0.142		100.000000%	22-001004.0000	Summit	2847 Abbott Place NW Canton, OH 44708
33	John F. Stephen	Yes	20%	1.800	0.360	0.25490%	100.000000%	21-012005.0000	Seneca	31008 Skin Creek Road Lewisville, OH 43754
33	Glenn Stephen	Yes	20%		0.360		100.000000%	21-012005.0000	Seneca	31008 Skin Creek Road Lewisville, OH 43754
33	Marion Stephen	Yes	20%		0.360		100.000000%	21-012005.0000	Seneca	39 Vine Street Delaware, OH 43015
33	Jane Stephen	Yes	20%		0.360		100.000000%	21-012005.0000	Seneca	350 E. Diamond Avenue, Apt. 4080 Gaithersburg, MD 20877
33	Mary Stephen	Yes	20%		0.360		100.000000%	21-012005.0000	Seneca	31393 Skin Creek Road Lewisville, OH 43754
					706.154	100.000000%	100.000000%			

*As to each tract, the "Current Mineral Owner Acres in Unit" was calculated by multiplying the "Total Acres in Unit" by the "Current Mineral Owner Interest in Tract."
 ** Antero owns 100% of the working interest in the Clara Unit. See Exhibit A of the Unit Operating Agreement for address and contact information for Antero.
 *** For Tracts 10, 13, 18, 22, 25, 32 and 33, the "Antero Unit Participation" covers all working interests in the respective tracts. As to those tracts, mineral owners may own undivided interests.