

**STATE OF OHIO
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of R.E. :
Gas Development, LLC (“Rex”) for :
Unit Operation : Application Date: May 29, 2015
: Revised: December 3, 2015
McClure South Unit :

**APPLICATION OF R.E. GAS DEVELOPMENT, LLC (“REX”)
FOR UNIT OPERATION**

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Exhibit 1 Unit Plan

Exhibit 2 Prepared Direct Testimony of Emily Cook (“Geologist”)

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McClure South Unit :
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APPLICATION

Pursuant to Ohio Revised Code Section 1509.28, R.E. Gas Development, LLC (“Rex”), hereby respectfully requests the Chief of the Ohio Department of Natural Resources’ Division of Oil and Gas Resources Management (“Division”) to issue an order authorizing Rex to operate the Unitized Formation and applicable land area in Carroll County, Ohio (hereinafter, the “McClure South Unit”) as a unit according to the Unit Plan attached hereto and as more fully described herein. Rex makes this request for the purpose of substantially increasing the ultimate recovery of oil and natural gas, including related liquids, from the Unitized Formation, and to protect the correlative rights of unit owners, consistent with the public policy of Ohio to conserve and develop the state’s natural resources and prevent waste.

I.
APPLICANT INFORMATION

Rex is a corporation organized under the laws of the State of Delaware, with its principal office located at 366 Walker Drive, State College, Pennsylvania 16801. Rex is registered in good standing as an “owner” with the Division.

Rex designates to receive service, and respectfully requests that all orders, correspondence, pleadings and documents from the Division and other persons concerning this filing be served upon, the following:

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II. PROJECT DESCRIPTION

The McClure South Unit is located in Carroll County, Ohio, and consists of one hundred and forty-seven (147) separate tracts of land. See Exhibits A-1 and A-2 of the Unit Operating Agreement (showing the plat and tract participations, respectively). The total land area in the McClure South Unit is approximately 402.5 acres and, at the time of this Application, Rex has the right to drill on and produce from approximately 283 acres of the proposed unit – i.e., more than seventy percent (70%) of the unit area, above the sixty-five percent (65%) threshold required by Ohio Revised Code § 1509.28.¹ As more specifically described herein, Rex seeks authority to drill and complete up to four horizontal wells in the Unitized Formation from a single well pad located near the northern boundary of the unit to efficiently test, develop, and operate the Unitized Formation for oil, natural gas, and related liquids production.

Rex's plan for unit operations (the "Unit Plan") is attached to this Application Exhibit 1. Among other things, the Unit Plan allocates unit production and expenses based upon each tract's surface acreage participation in the unit; includes a carry provision for those unit participants unable to meet their financial obligations, the amount of which is based upon the risks of and costs related to the project; and conforms to industry standards for the drilling and operating of horizontal wells generally used by the Applicant with other interest owners.

III. TESTIMONY

The following pre-filed testimony has been attached to the Application supporting the McClure South Unit's formation: (i) testimony from a Geologist establishing that the Unitized Formation is part of a pool and supporting the Unit Plan's recommended allocation of unit production and expenses on a surface acreage basis;² (ii) testimony from a Reservoir Engineer establishing that unitization is reasonably necessary to increase substantially the recovery of oil and gas, and that the value of the estimated additional resource recovery from unit operations exceeds its additional costs;³ and (iii) testimony from an operational Landman with firsthand

¹ See Prepared Direct Testimony of Landman, attached as Exhibit 4.

² See Prepared Direct Testimony of Geologist, attached as Exhibit 2.

³ See Prepared Direct Testimony of Reservoir Engineer, attached as Exhibit 3.

knowledge of Rex's Ohio development who describes the project generally, the Unit Plan, efforts to lease unleased owners, and the approvals received for unit development.⁴

IV.
THE CHIEF SHOULD GRANT AN ORDER FOR THIS APPLICATION

A. Legal Standard

Ohio Revised Code § 1509.28 requires the Chief of the Division to issue an order providing for the unit operation of a pool – or a part thereof – when the applicant shows that it is reasonably necessary to increase substantially the ultimate recovery of oil and gas, and the value of the estimated additional resource recovery from the unit's operations exceeds its additional costs. See Ohio Rev. Code § 1509.28(A).

The Chief's order must be on terms and conditions that are just and reasonable and prescribe a plan for unit operations that includes the following:

- (1) A description of the unit area.
- (2) A statement of the nature of the contemplated operations.
- (3) An allocation of production from the unit area not used in unit operations, or otherwise lost, to the separately owned tracts.
- (4) A provision addressing credits and charges to be made for the investment in wells, tanks, pumps, and other equipment contributed to unit operations by owners in the unit.
- (5) A provision addressing how unit operation expenses shall be determined and charged to the separately owned tracts in the unit, and how they will be paid.
- (6) A provision, if necessary, for carrying someone unable to meet their financial obligations in connection with the unit.
- (7) A provision for the supervision and conduct of unit operations in which each person has a vote with a value corresponding to the percentage of unit operations expenses chargeable against that person's interest.
- (8) The time when operations shall commence and the manner in which, and circumstances under which, unit operations will terminate.
- (9) Such other provisions appropriate for engaging in unit operation and for the protection or adjustment of correlative rights.

See ORC 1509.28(A). Rex proposes the following as additional provisions:

- (a) No activity associated with the drilling, completion, or operation of the McClure South Unit shall be conducted on the surface of any unleased property without prior written consent of the landowner.
- (b) If an Order is granted, Rex shall present Unitized parties with the option to:
 - (i) lease their minerals to Rex for a twenty percent (20%) gross royalty rate on production, and a lease bonus payment of two thousand dollars (\$2,000) per net mineral acre. This lease option shall be for a non-surface

⁴ See Prepared Direct Testimony of Landman, attached as Exhibit 5.

use lease, meaning that Rex shall not use the surface of the mineral owner's property without separate prior written consent by the mineral owner; or

(ii) participate in unit operations as a non-consenting working interest owner. The mineral owner shall receive a monthly cash payment equal to a one-eighth (1/8) landowner royalty interest calculated on gross revenues. The one-eighth (1/8) royalty interest shall be calculated based on the Unit Participation of the mineral owner's tract. Rex shall make the royalty payment contemporaneously with those it makes to leased individuals within the Unit Area. In addition to the royalty payment, the non-consenting working interest owner shall have a working interest ownership in the well equal to seven-eighths (7/8) of the Unit Participation of his/her tract. This seven-eighths of his/her Unit Participation shall accrue based upon net production revenue until Rex recovers 300% of the cost of drilling, testing, completing, and producing the initial well. Once Rex recovers 300% of these costs, Rex shall begin making monthly payments on net production revenue for that well equal to eight-eighths (8/8) of the non-consenting working interest owner's Unit Participation, thereby negating any future royalty interest in the well for the non-consenting working interest owner. For any subsequent wells drilled in the Unit Area, seven-eighths (7/8) of the non-consenting working interest owner's Unit Participation shall accrue until Rex has recovered 200% of the cost of drilling, testing, completing, and producing the subsequent wells. Once Rex recovers 200% of these costs, Rex shall begin making monthly payments on net production revenue for the subsequent wells equal to eight-eighths (8/8) of the non-consenting working interest owner's Unit Participation, thereby negating any future royalty interest in the well for the non-consenting working interest owner. Once a specific cost is charged to a well, that same cost cannot be charged to the subsequent wells in the Unit Area.

(iii) Rex shall present these options via certified mail. Should the Unitized Party not make an affirmative selection as to one of the two options, the Unitized Party will be deemed to have selected option 9(b)(i) to lease their tract under the terms of the lease form attached as Exhibit "B" to Exhibit 2 of this Application.

(c) Unitized parties shall not incur liability for any personal or property damage associated with any drilling, testing, completing, producing, operating, or plugging activities within the McClure South Unit.

(d) If requested by an unleased mineral owner selecting option 9(b)(ii) above, or by the Division, Rex shall provide, not later than thirty (30) days after receipt of the request, any of the following:

(i) A statement for the preceding month, covering all wells then in production within the Unit Area, depicting all costs incurred, together with the quantity of oil and gas produced, and the amount of proceeds realized from the sale of production during said preceding month; and

(ii) Any authorization for expenditure (AFE) prepared by Rex; and

(iii) A statement of all costs and expenses for purposes of above Paragraph 9(b)(ii).

(10) The Order will become effective when Rex provides the Chief with final written approval of the unit operations from sixty-five percent (65%) of the working interest owners in the Unit Area, and sixty-five percent (65%) of the royalty interest owners in the Unit Area. Upon receipt of these approvals, the Order shall become effective, and unit operations may commence as set forth above. Rex will have six (6) months to provide these required approvals, and, if it does not do so, the Order will be

deemed revoked, and the Chief shall provide notice of the revocation to Rex and the unleased mineral interest owners in the Unit Area.

(11) Within twenty-one (21) days of the Order becoming effective, Rex will file a copy of the Order with the Carroll County Recorder's Office.

(12) Rex requests that its Unit Agreement and Unit Operating Agreement are adopted by the Order. In the event of a conflict between the Plan for Unit Operations approved by the Chief and contained in the Order, and Rex's Unit Agreement and Unit Operating Agreement, the Order shall take precedence and the Unit Agreement and Unit Operating Agreement shall conform to the Order.

B. Rex's Application Meets the Legal Standard

i. *The Unitized Formation is Part of a Pool*

The "Unitized Formation" consists of the subsurface portion of the Unit Area (i.e., the lands shown on Exhibit A-1 and identified in Exhibit A-2 to the Unit Operating Agreement) at a depth located from fifty feet above the top of the Utica Shale to fifty feet below the base of the Point Pleasant formation, and frequently referred to as the Utica/Point Pleasant formation. The evidence presented in this Application establishes that the Unitized Formation is part of a pool and thus an appropriate subject of unit operation under Ohio Rev. Code § 1509.28. Additionally, that evidence establishes that the Unitized Formation is likely to be reasonably uniformly distributed throughout the Unit Area – and thus that it is reasonable for the Unit Plan to allocate unit production and expenses to separately owned tracts on a surface acreage basis.

ii. *Unit Operations Are Reasonably Necessary to Increase Substantially the Ultimate Recovery of Oil and Gas*

The evidence presented in this Application establishes that unit operations are reasonably necessary to increase substantially the ultimate recovery of oil and gas from the lands making up the McClure South Unit. The Unit Plan contemplates the potential drilling of four (4) horizontal wells from a single well pad, with lateral lengths of approximately 3,083 to 4,305 feet, and with the potential for additional unit wells in the event they are necessary to fully recover the resource. Rex estimates that the ultimate recovery from this unit development, if all unit wells are drilled, could be between 23 and 27 billion cubic feet equivalent (Bcfe) of natural gas from the Unitized Formation. Because of the location of the unleased tracts within the Unit Area, only two of the four contemplated wells can be drilled absent unit operations, which would allow for the potential recovery of only 12 – 14 Bcfe of natural gas.⁵ Thus, the calculations show that unit

⁵ All recoveries and values stated as part of this application are only estimates based on the best information available at this time. They should not be relied upon as guarantees of production or profitability and are subject to change.

operations are reasonably necessary to increase substantially the ultimate recover of oil and gas from the Unitized Formation.

iii. *The Value of Additional Recovery Exceeds Its Additional Costs*

The evidence shows that the estimated recovery from unit operations has a net present value of between \$3.5 and \$5.5 million dollars, whereas the net present value of the estimated recovery from the same area without unit operations would be \$1.4 to \$2.4 million dollars. See Exhibit AA-2, showing in greater detail the calculations supporting the economic benefit of unitized operation. The value of the estimated additional recovery attributable to unitization exceeds the estimated additional cost incident to conducting unitization.

iv. *The Unit Plan Meets the Requirements of Ohio Revised Code § 1509.28*

The Unit Plan proposed by Rex meets the requirements set forth in Ohio Revised Code § 1509.28. The unit area is described in the Unit Agreement at Article 1, as well as on Exhibits A-1 and A-2 to the Unit Operating Agreement. The nature of the contemplated unit operations can be found generally in the Unit Agreement at Article 3, with greater specificity throughout the Unit Agreement and Unit Operating Agreement. Unit production and unit expenses are allocated on a surface acreage basis as set forth in the Unit Agreement at Articles 3 through 5 (generally), except where otherwise allocated by the Unit Operating Agreement. Payment of unit expenses is addressed generally in Article 3 of the Unit Agreement. The Unit Plan provides for payment of costs by other working interest owners in the event a participant is unable to meet its financial obligations related to the unit – see, e.g., Article VI of the Unit Operating Agreement. Voting provisions related to the supervision and conduct of unit operations are set forth in Article XVI of the Unit Operating Agreement, with each person having a vote that has a value corresponding to the percentage of unit expenses chargeable against that person's interest. Commencement and termination of operations are addressed in Articles 11 and 12 of the Unit Agreement.

V.
HEARING

Ohio Revised Code § 1509.28 requires the Chief to hold a hearing to consider this Application, when requested by sixty-five percent (65%) of the owners of the land area underlying the proposed unit. Ohio Rev. Code § 1509.28(A). That threshold level is met here. Accordingly, Rex respectfully requests that the Division schedule a hearing at an available hearing room locat-

ed at the Division's Columbus complex at the earliest possible date to consider the Application filed herein.

VI.
CONCLUSION

Ohio Revised Code § 1509.28 requires the Chief of the Division to issue an order for the unit operation of a pool – or a part thereof – if it is reasonably necessary to increase substantially the recovery of oil and gas, and the value of the estimated additional recovery from the unit's operations exceeds its additional costs. Rex respectfully submits that the Application meets this standard, and that the terms and conditions of the Unit Plan are just and reasonable and satisfy the requirements of Ohio Revised Code § 1509.28(B). Rex therefore asks the Chief to issue an order authorizing Rex to operate the McClure South Unit according to the Unit Plan attached hereto.

Respectfully submitted,

/s/ *Katerina Milenkovski*

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**PLAN FOR UNIT OPERATIONS
THE MCCLURE SOUTH UNIT
CENTER TOWNSHIP
CARROLL COUNTY, OHIO**

The following shall constitute the Plan for Unit Operations applicable to the McClure South Unit in Center Township, Carroll County, Ohio, and having as its purpose the unitized management, operation, and development of the Unitized Formation as herein defined, to advance the public welfare and promote conservation, to increase the ultimate recovery of oil, natural gas, and other substances therefrom, and to avoid waste and protect the correlative rights of the owners of interests therein.

ARTICLE 1: DEFINITIONS

As used in this Plan for Unit Operations:

Division refers to the Ohio Department of Natural Resources' Division of Oil and Gas Resources Management.

Effective Date is the time and date this Plan becomes effective as provided in Article 11.

Oil and Gas Rights are the rights to investigate, explore, prospect, drill, develop, produce, market, transport, and operate within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof, including without limitation the conducting of exploration, geologic and/or geophysical surveys by seismograph, core test, gravity and/or magnetic methods, the injecting of gas, water, air or other fluids into the Unitized Formation, the installation, operation and maintenance of monitoring facilities, the laying of pipelines, building of roads, tanks, power stations, telephone lines, and/or other structures.

Person is any individual, corporation, partnership, association, receiver, trustee, curator, executor, administrator, guardian, fiduciary, or other representative of any kind, any department, agency, or instrumentality of the state, or any governmental subdivision thereof, or any other entity capable of holding an interest in the Unitized Substances or Unitized Formation.

Plan means this Plan for Unit Operations for the McClure South Unit, Center Township, Carroll County, Ohio, including, unless otherwise expressly mentioned, any and all attachments and exhibits hereto.

Royalty Interest means a right to or interest in any portion of the Unitized Substances or proceeds from the sale thereof, other than a Working Interest.

Royalty Owner is a Person who owns a Royalty Interest.

Tract means the land identified by a tract number in Exhibit A-2 to the Unit Operating Agreement.

Tract Participation means the fractional interest shown on Exhibit A-2 to the Unit Operating Agreement for allocating Unitized Substances to a Tract.

Uncommitted Working Interest Owner is a Working Interest Owner, other than an Unleased Mineral Owner, who has not agreed to, ratified or otherwise approved this Plan. Uncommitted Working Interest Owners are likely, but not necessarily, to have obtained their interest by lease.

Unit Area means the lands shown on the plat attached as Exhibit A-1 and identified on Exhibit A-2 to the Unit Operating Agreement, including also areas to which this Plan may be extended as herein provided.

Unit Equipment means all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the unit account for use in Unit Operations.

Unit Expense means all cost, expense, investment and indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this Plan for or on account of Unit Operations.

Unitized Formation means the subsurface portion of the Unit Area located from 50' feet above the top of the Utica formation to 50' feet below the base of the Point Pleasant formation, believed to be approximately 7,402' subsurface to 7,776' subsurface TVD ("True Vertical Depth").

Unit Operating Agreement means the modified A.A.P.L. Form 610-1989 Model Form Operating Agreement that is attached hereto as Exhibit 1 and incorporated herein by reference as if fully re-written herein and to which all Working Interest Owners are deemed to be parties; provided, however, that in the event two or more Working Interest Owners have agreed to a separate joint operating agreement relating to the supervision and conduct of unit operations contemplated herein, such operating agreement shall control. The Unit Operating Agreement contains provisions for credits and charges among Working Interest Owners for their respective investments in, and expenses for, Unit Operations, including a provision, if necessary, for carrying any Person unable or electing not to participate in Unit Operations. In addition, the Unit Operating Agreement also contains provisions relating to the supervision and conduct of Unit Operations and the manner in which Working Interest Owners may vote. In the event of a conflict between the terms of the Unit Operating Agreement and the other terms of this Plan, excluding the Unit Operating Agreement, such other terms of this Plan shall govern.

Unit Operations are all operations conducted pursuant to this Plan.

Unit Operator is the Person designated by Working Interest Owners under the Unit Operating Agreement to conduct Unit Operations.

Unit Participation is the sum of the interests obtained by multiplying the Working Interest of a Working Interest Owner in each Tract by the Tract Participation of such Tract.

Unitized Substances are all oil, gas, gaseous substances, sulfur, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation.

Unleased Mineral Owner is a Person 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.

Working Interest means an interest in Unitized Substances 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; however, Oil and Gas Rights that are free of a lease or other instrument creating a Working Interest shall be regarded as a Working Interest to the extent of 87.5% thereof and a Royalty Interest to the extent of the remaining 12.5% thereof, such Royalty Interest to be subject to any post-production costs, taxes, assessments and other fees as may be set forth in the Unit Operating Agreement. A Royalty Interest created out of a Working Interest subsequent to the participation of, subscription to, ratification of, approval by, or consent to this Plan by the owner of such Working Interest shall continue to be subject to such Working Interest burdens and obligations that are stated in this Plan.

Working Interest Owner is a Person who owns a Working Interest.

ARTICLE 2: CREATION AND EFFECT OF UNIT

Oil and Gas Rights Unitized. All Royalty Interests and Working Interests in Oil and Gas Rights in and to the lands identified on Exhibits A-1 and A-2 to the Unit Operating Agreement are hereby unitized insofar as, and only insofar as, the respective Oil and Gas Rights pertain to the Unitized Formation, so that Unit Operations may be conducted with respect to the Unitized Formation as if the Unit Area had been included in a single lease executed by all Royalty Owners, as lessors, in favor of all Working Interest Owners, as lessees, and as if the lease contained all of the provisions of this Plan.

Personal Property Excepted. All lease and well equipment, materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands covered hereby shall be deemed to be and shall remain personal property belonging to, and may be removed by, Working Interest Owners with the prior consent of Unit Operator. The rights and interests therein, as among Working Interest Owners, are set forth in the Unit Operating Agreement.

Continuation of Leases and Term Interests. Unit Operations conducted upon any part of the Unit Area or production of Unitized Substances from any part of the Unitized Formation, except for the purpose of determining payments to Royalty Owners, shall be considered as operations upon or production from each portion of each Tract, and such production or operations shall continue in effect each lease or term, mineral or Royalty Interest, as to all Tracts and formations covered or affected by this Plan just as if such Unit Operations had been

conducted and a well had been drilled on and was producing from each portion of each Tract. Each lease shall remain in full force and effect from the date of execution hereof until the Effective Date, and thereafter in accordance with its terms and this Plan.

Titles Unaffected by Unitization. Nothing herein shall be construed to result in any transfer of title to Oil and Gas Rights by any Person to any other Person or to Unit Operator.

Pre-existing Conditions in Unit Area. Working Interest Owners shall not be liable for or assume any obligation with respect to (i) the restoration or remediation of any condition associated with the Unit Area that existed prior to the Effective Date of this Plan, or (ii) the removal and/or plugging and abandonment of any wellbore, equipment, fixtures, facilities or other property located in, on or under the Unit Area prior to the Effective Date of this Plan.

ARTICLE 3: UNIT OPERATIONS

Unit Operator. Unit Operator shall have the exclusive right to conduct Unit Operations, which shall conform to the provisions of this Plan.

Unit Expenses. All Unit Expenses shall be just and reasonable, and shall be charged as set out in the Unit Operating Agreement. Except as otherwise provided in the Unit Operating Agreement, Unit Expenses shall be allocated to each Tract based upon its Tract Participation, and shall be paid by the Tract's Working Interest Owners.

ARTICLE 4: TRACT PARTICIPATIONS

Tract Participations. The Tract Participation of each Tract is identified in Exhibit A-2 to the Unit Operating Agreement and shall be determined solely upon an acreage basis as the proportion that the Tract surface acreage inside the Unit Area bears to the total surface acreage of the Unit Area. The Tract Participation of each Tract has been calculated as follows: **TRACT SURFACE ACRES WITHIN THE UNIT AREA DIVIDED BY THE TOTAL SURFACE ACRES WITHIN THE UNIT AREA.**

ARTICLE 5: ALLOCATION OF UNITIZED SUBSTANCES

Allocation of Unitized Substances. All Unitized Substances produced and saved shall be allocated to the several Tracts in accordance with the respective Tract Participations effective during the period that the Unitized Substances were produced. The amount of Unitized Substances allocated to each Tract, regardless of whether the amount is more or less than the actual production of Unitized Substances from the well or wells, if any, on such Tract, shall be deemed for all purposes to have been produced from such Tract.

Distribution Within Tracts. The Unitized Substances allocated to each Tract or portion thereof shall be distributed among, or accounted for to, the Persons entitled to share in the production from such Tract or portion thereof in the same manner, in the same proportions, and upon the same conditions as they would have participated and shared in the production from such Tract, or in the proceeds thereof, had this Plan not been entered into, and with the same legal effect. If any Oil and Gas Rights in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interests, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract. Any royalty or other payment which depends upon per well production or pipeline runs from a well or wells on a Tract shall, after the Effective Date, be determined by dividing the Unitized Substances allocated to the Tract by the number of wells on the Tract capable of producing Unitized Substances on the Effective Date; however, if any Tract has no well thereon capable of producing Unitized Substances on the Effective Date, the Tract shall, for the purpose of this determination, be deemed to have one (1) such well thereon.

ARTICLE 6: USE OR LOSS OF UNITIZED SUBSTANCES

Use of Unitized Substances. Working Interest Owners may use or consume Unitized Substances for Unit Operations, including but not limited to, the injection thereof into the Unitized Formation.

Royalty Payments. No royalty, overriding royalty, production, or other payments shall be payable on account of Unitized Substances used, lost, or consumed in Unit Operations,

including without limitation the testing of the productivity of any wells drilled in the Unit Area. Royalty payments shall be made to Unleased Mineral Owners beginning with the initial distribution date for production of Unitized Substances from any well within the McClure South Unit.

ARTICLE 7: TITLES

Warranty and Indemnity. Each Person who, by acceptance of produced Unitized Substances or the proceeds from a sale thereof, may claim to own a Working Interest or Royalty Interest in and to any Tract or in the Unitized Substances allocated thereto, shall be deemed to have warranted its title to such interest, and, upon receipt of the Unitized Substances or the proceeds from a sale thereof to the credit of such interest, shall indemnify and hold harmless all other Persons in interest from any loss due to failure, in whole or in part, of its title to any such interest; provided, however, that nothing in this provision shall apply to Unleased Mineral Owners.

Production Where Title is in Dispute. If the title or right of any Person claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the direction of Working Interest Owners may: Require that the Person to whom such Unitized Substances are delivered or to whom the proceeds from a sale thereof are paid furnish security for the proper accounting therefor to the rightful owner or owners if the title or right of such Person fails in whole or in part; or withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and hold the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so held shall be paid to the Person rightfully entitled thereto.

Transfer of Title. Any conveyance of all or any part of any interest owned by any Person hereto with respect to any Tract shall be made expressly subject to this Plan. No change of title shall be binding upon Unit Operator, or upon any Person hereto other than the Person so transferring, until 7:00 a.m. on the first day of the calendar month next succeeding the date of receipt by Unit Operator of a certified copy of the recorded instrument evidencing such change in ownership.

ARTICLE 8: EASEMENTS, GRANTS, OR USE OF SURFACE

Grant of Easements. Subject to the terms and conditions of the various leases, Unit Operator shall have the right of ingress and egress along with the right to use as much of the surface of the land within the Unit Area as may be reasonably necessary for Unit Operations and the removal of Unitized Substances from the Unit Area.

Use of Water. The following shall apply subject to the terms and conditions of the various leases: Unit Operator shall have and is hereby granted free use of water from the Unit Area for Unit Operations, except water from any well, lake, pond, or irrigation ditch of a Royalty Owner. Unit Operator may convert dry or abandoned wells in the Unit Area for use as water supply or disposal wells.

Surface Damages. Subject to the terms and conditions of the various leases, Working Interest Owners shall reimburse the owner for the market value prevailing in the area of growing crops, livestock, timber, fences, improvements, and structures on the Unit Area that are destroyed or damaged as a result of Unit Operations.

Unleased Property. Notwithstanding anything in this Article 8 to the contrary, and except where otherwise authorized by the Division, there shall be no Unit Operations conducted on the surface of any property located within the McClure South Unit, and there shall be no right of ingress and egress over and no right to use the surface waters of any surface lands located within the McClure South Unit, owned by a non-consenting Unleased Mineral Owner.

ARTICLE 9: CHANGE OF TITLE

Covenant Running with the Land. This Plan shall extend to, be binding upon, and inure to the benefit of the owners of the Royalty Interests and Working Interests in Oil and Gas Rights unitized hereby, and the respective heirs, devisees, legal representatives, successors, and assigns thereof, and shall constitute a covenant running with the lands, leases, and interests impacted hereby.

Waiver of Rights of Partition. No Person affected hereby shall resort to any action to, and shall not, partition Oil and Gas Rights, the Unit Area, the Unitized Formation, the Unitized Substances or the Unit Equipment.

ARTICLE 10: RELATIONSHIPS OF PERSONS

No Partnership. All duties, obligations, and liabilities arising hereunder shall be several and not joint or collective. This Plan is not intended to and shall not be construed to create an association or trust, or to impose a partnership or fiduciary duty, obligation, or liability. Each Person affected hereby shall be individually responsible for its own obligations.

No Joint or Cooperative Refining, Sale or Marketing. This Plan is not intended and shall not be construed to provide, directly or indirectly, for any joint or cooperative refining, sale or marketing of Unitized Substances.

ARTICLE 11: EFFECTIVE DATE

Effective Date. This Plan shall become effective as of, and operations may commence hereunder as of, 7:00A.M. on the date of an effective order approving this unit by the Division in accordance with the provisions of Ohio Revised Code Section 1509.28; provided, however, that Working Interest Owners may terminate this Plan in the event of a material modification by the Division of all or any part of this Plan in such order by filing a notice of termination with the Division within thirty (30) days of such order becoming final and no longer subject to further appeal. In the event a dispute arises or exists with respect to this Plan, or the order approving this unit issued by the Division, Unit Operator may, in its sole discretion, hold the revenues from the sale of Unitized Substances until such time as such dispute is resolved or, in the Unit Operator's opinion, it is appropriate to distribute such revenues.

ARTICLE 12: TERM

Term. This Plan, unless sooner terminated in the manner hereinafter provided, shall remain in effect for five (5) years from the Effective Date and as long thereafter as Unitized Substances are produced, or are capable of being produced, in paying quantities from the Unit Area without a cessation of more than one hundred and eighty (180) consecutive days, or so long as other Unit Operations are conducted without a cessation of more than one hundred and eighty (180) consecutive days, unless sooner terminated by Working Interest Owners owning a combined Unit Participation of fifty-one percent (51%) or more whenever such Working Interest Owners determine that Unit Operations are no longer warranted. The date of any termination hereunder shall be known as the "Termination Date."

Effect of Termination. Upon termination of this Plan, the further development and operation of the Unitized Formation as a unit shall cease. Each oil and gas lease and other agreement covering lands within the Unit Area shall remain in force for one hundred eighty (180) days after the date on which this Plan terminates, and for such further period as is provided by the lease or other agreement. The relationships among owners of Oil and Gas Rights shall thereafter be governed by the terms and provisions of the leases and other instruments, not including this Plan, affecting the separate Tracts.

Certificate of Termination. Upon termination of this Plan, Unit Operator shall file with the Division and for record in the county or counties in which the land affected is located a certificate stating that this Plan has terminated and the Termination Date.

Salvaging Equipment Upon Termination. If not otherwise granted by the leases or other instruments affecting the separate Tracts, Working Interest Owners shall have a period of six (6) months after the Termination Date within which to salvage and remove Unit Equipment.

ARTICLE 13: APPROVAL

Original, Counterpart, or Other Instrument. An owner of Oil and Gas Rights or its agent may approve this Plan by signing the original, a counterpart thereof, or other instrument approving this Plan. The signing of any such instrument shall have the same effect as if all Persons had signed the same instrument.

Commitment of Interests to Unit. The approval of this Plan by a Person or their agent shall bind that Person and commit all interests owned or controlled by that Person as of the date of such approval, and additional interests thereafter acquired.

Joinder in Dual Capacity. Execution as herein provided by any Person, as either Working Interest Owner or a Royalty Owner, shall commit all interests owned or controlled by such Person as of the date of such execution and any additional interest thereafter acquired.

ARTICLE 14: MISCELLANEOUS

Determinations by Working Interest Owners. Each Working Interest Owner shall have a voting interest equal to its Unit Participation. All decisions, determinations, or approvals by Working Interest Owners hereunder shall be made by the affirmative vote of one or more parties having a combined voting interest of at least fifty one percent (51%). No vote, however, is required for such determinations if the Unit Operator owns or controls fifty one percent (51%) or more of the Working Interest in the Unit Area.

Severability of Provisions. The provisions of this Plan are severable and if any section, sentence, clause or part thereof is held to be invalid for any reason, such invalidity shall not be construed to affect the validity of the remaining provisions of this Plan.

Laws and Regulations. This Plan shall be governed by and subject to the laws of the State of Ohio, to the valid rules, regulations, orders and permits of the Division, and to all other applicable federal, state, and municipal laws, rules, regulations, orders, and ordinances. Any change of the Unit Area or any amendment to this Plan shall be in accordance with Ohio law.

EXHIBIT "A"

Attached to and made a part of that certain Unit Operating Agreement
for the McClure South Unit

I. Identification of Lands Subject to this Agreement:

402.51412 acres of land, more or less, located in Center Township, Carroll County, Ohio, as such lands are depicted in Exhibit "A-1" and as particularly defined in the Unit Plan.

II. Restrictions, if any, as to Depths, Formations or Substances:

This Agreement covers rights for the Unitized Formation, described as that portion of the Utica Shale / Point Pleasant formation found in the subsurface portion of the McClure South Unit at an approximate depth of fifty (50) feet above the top of the Utica Shale formation to fifty (50) feet below the base of the Point Pleasant formation, believed to be approximately 7,402 feet subsurface to 7,776 feet subsurface TVD ("True Vertical Depth") (calculated from the surface elevation of the pad at 1190.70').

III. Parties to Agreement with Addresses and Telephone Numbers for Notice Purposes:

Operator:

R.E. Gas Development, L.L.C.
Attention: F. Scott Hodges,
Senior Vice President, Land & Business Development
366 Walker Drive
State College, PA 16801
Telephone: 814-278-7279
Fax: 814-278-7286
Email: fshodges@rexenergycorp.com

Non-Operator(s):

Chesapeake Exploration, LLC & CHK Utica, LLC
P.O. Box 18496
Oklahoma City, OK 73154
Attention: Dan Weinmeister, Land Manager, Appalachia
South

TOTAL E&P USA, Inc.
1201 Louisiana, Suite 1800
Houston, TX 77002
Attention: Pierre Germain, VP, Business Development &
Strategy

EnerVest Energy Institutional Fund IX, LP and
EnerVest Energy Institutional Fund IX-WI, LP
Attention: Charles T. Akers Jr.
Manager – Utica Land
EnerVest Operating, LLC

300 Capitol Street, Suite 200
Charleston, WV 25301
Telephone: 304-343-5505, ext. 48183
cakers@enervest.com

IV. Percentage or Fractional Interests of Parties to this Agreement:

The owners and interests of the owners are set forth in Exhibit "A-2" attached hereto.

*It is understood by the Parties hereto that the working interests listed in this agreement (an any attachments hereto) are estimates only and are subject to change based upon final verification of title, due diligence or surveying work that may be performed upon the approval by the Division. The Parties' interests shall be modified accordingly in order to accurately reflect the actual interest owned by the Parties in the Contract Area.

V. Oil and Gas Lease(s) and/or Oil and Gas Interests Subject to this Agreement (including Burdens on Production):

Please refer to Exhibit "A-2" for a list of the oil and gas leases and interests subject to this agreement



Exhibit "A-1"

McClure South Unit

Unit Acres: 402.51412

**McClure South Unit
Center Township
Carroll County, OH**

 Unit



REX ENERGY
 366 Walker Drive
 State College, PA 16801
 Phone: (814) 278-7267 Fax: (814) 278-7286
www.RexEnergy.com

NAD_1983_StatePlane_Ohio_North_Feet
 Projection: Lambert_Conformal_Obic
 Linear Unit: Feet
 Datum: D_North_American_1983
 R:\Ohio\Warrior_North\Units\McClure South\
 McClureSouth.mxd

Exhibit "A-2"
Tracts Within The McClure South Unit Contract Area

Lease ID	Tract	Current Mineral Owner	Leased Yes/No	Surface Acres In Unit	Tract Participation ¹	Current Mineral Owner Working Interest	Current Mineral Owner Unit Participation	R.E. Gas Working Interest ²	R.E. Gas Unit Participation	Chspk. Working Interest ³	Chspk. Unit Participation	CHKU Working Interest ⁴	CHKU Unit Participation	Total E&P Working Interest ⁵	Total E&P Unit Participation	EnerVest IX LP Working Interest ⁶	EnerVest IX LP Unit Participation	EnerVest IX-WI LP Working Interest ⁷	EnerVest IX-WI LP Unit Participation	Parcel ID	Township	Address
OHCAR0373	3	THOMAS W & BEVERLY J SHAFER	Yes	0.05310	0.00013192	0.00000000	0.00000000	1.00000000	0.00013192	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001045.000	Center	129 Wood Road SE, Carrollton OH 44615
OHCAR1226	5	RICHARD L T & JOY L SMITH	Yes	0.06392	0.00015880	0.00000000	0.00000000	1.00000000	0.00015880	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000526.001	Center	293 Salineville Road NE, Carrollton Oh 44615
OHCAR0373	7	THOMAS W & BEVERLY J SHAFER	Yes	0.09115	0.00022645	0.00000000	0.00000000	1.00000000	0.00022645	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000082.000	Center	129 Wood Road SE, Carrollton OH 44615
OHCAR1080	8	MATTHEW W MILLER & SUSAN M BROWN	Yes	0.10629	0.00026407	0.00000000	0.00000000	1.00000000	0.00026407	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.032	Center	356 Leatherberry Road NE, Carrollton OH 44615
OHCAR1054	11	BAUSELL FAMILY TRUST UTA March 26, 1997	Yes	0.11670	0.00028993	0.00000000	0.00000000	1.00000000	0.00028993	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001044.001	Center	Earnest or Ruth J. Bausell, Co-Trustees, 97 Wood Road, Carrollton OH 44615
OHCAR0602	13	RONALD L & DARLA K LUCAS	Yes	0.13500	0.00033539	0.00000000	0.00000000	1.00000000	0.00033539	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000621.000	Center	11 Wood Road NE, Carrollton OH 44615
OHCAR0852	15	DAVID A & MARY ANN ERWIN	Yes	0.14041	0.00034883	0.00000000	0.00000000	1.00000000	0.00034883	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.012	Center	1045 Salineville Road, Carrollton OH 44615
OHCAR0249	16	DAVID A & MARYANN ERWIN	Yes	0.14900	0.00037017	0.00000000	0.00000000	1.00000000	0.00037017	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000187.000	Center	1045 Salineville Road NE, Carrollton OH 44615
OHCAR0374	22	KENNETH R & HELEN J SKINNER	Yes	0.20091	0.00049914	0.00000000	0.00000000	1.00000000	0.00049914	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000549.000	Center	126 Wood Road SE, Carrollton OH 44615
OHCAR0029	24	GRIGSBY FAMILY REVOCABLE LIVING TRUST UAD 12/1/1994	Yes	0.21000	0.00052172	0.00000000	0.00000000	1.00000000	0.00052172	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000234.000	Center	1027 Salineville Road, Carrollton OH 44615
OHCAR0963	25	MONTE L & SHALEEN M SHAVER	Yes	0.21628	0.00053732	0.00000000	0.00000000	1.00000000	0.00053732	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	10-0000662.000	Center	251 Salineville Road SE, Carrollton OH 44615
OHCAR0221	26	RANDY L & JACQUELINE A DEWITT	Yes	0.21700	0.00053911	0.00000000	0.00000000	1.00000000	0.00053911	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000882.000	Center	77 Wood Road, Carrollton OH 44615
OHCAR0963	28	MONTE L & SHALEEN M SHAVER	Yes	0.23828	0.00059198	0.00000000	0.00000000	1.00000000	0.00059198	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000356.000	Center	251 Salineville Road SE, Carrollton OH 44615
OHCAR0518A	29	CHARLES L & JUDITH L CAPPER	Yes	0.25000	0.00062110	0.00000000	0.00000000	0.16667000	0.00010352	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	2229 Rebel Road SW, Carrollton OH 44615
OHCAR0518B	29	CRAIG H & PEGGY JO DEIBEL	Yes	0.25000	0.00062110	0.00000000	0.00000000	0.16667000	0.00010352	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	242 Sutton Avenue NE, North Canton OH 44720
OHCAR0518C	29	MICAH T & BECKY J HARTONG	Yes	0.25000	0.00062110	0.00000000	0.00000000	0.16667000	0.00010352	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	5212 mountain Road NE, Mechanicstown OH 44651
OHCAR0518D	29	DONALD J & MARY SUSAN MCCORKLE	Yes	0.25000	0.00062110	0.00000000	0.00000000	0.16667000	0.00010352	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	718 elberta Drive, Vincennes IN 47591
OHCAR0518E	29	LANNY B & KENDRA A PETERSON	Yes	0.25000	0.00062110	0.00000000	0.00000000	0.16666000	0.00010351	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	9020 Apollo Road NE, Kensington OH 44427
OHCAR0518F	29	WILLIAM B & BARBARA PETERSON	Yes	0.25000	0.00062110	0.00000000	0.00000000	0.16666000	0.00010351	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	618 McKinley Avenue NW, Carrollton OH 44615
UNLEASED	30	TIME WARNER CABLE MIDWEST LLC	No	0.26700	0.00066333	1.00000000	0.00066333	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.000	Center	Tax Dept, 7820 Crescent Executive Drive, Charlotte NC 28217
OHCAR1285	31	DALE R & LISA L BAKER	Yes	0.27300	0.00067824	0.00000000	0.00000000	1.00000000	0.00067824	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000599.001	Center	1058 Salineville Road NE, Carrollton OH 44615
UNLEASED	33	TIME WARNER CABLE MIDWEST LLC	No	0.29400	0.00073041	1.00000000	0.00073041	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000459.000	Center	Tax Dept, 7820 Crescent Executive Drive, Charlotte NC 28217
OHCAR1114	34	SHAWN A & ABRA NEELEY	Yes	0.29553	0.00073421	0.00000000	0.00000000	1.00000000	0.00073421	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.031	Center	328 Leatherberry Drive SE, Carrollton OH 44615
OHCAR1285	35	DALE R & LISA L BAKER	Yes	0.31000	0.00077016	0.00000000	0.00000000	1.00000000	0.00077016	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000207.000	Center	1058 Salineville Road NE, Carrollton OH 44615
OHCAR0602	37	RONALD L & DARLA K LUCAS	Yes	0.32400	0.00080494	0.00000000	0.00000000	1.00000000	0.00080494	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000622.000	Center	11 Wood Road NE, Carrollton OH 44615
OHCAR1296	38	NILAH J & JAY C ANKROM REVOCABLE LIVING TRUST dated November 24, 2004	Yes	0.18600	0.00046210	0.00000000	0.00000000	1.00000000	0.00046210	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000027.000	Center	Nilah J & Jay C Ankrom, Trustees, 1021 Salineville Road NE, Carrollton OH 44615
OHCAR1154	39	DARRELL V & PATRICIA A LOCKE	Yes	0.32972	0.00081915	0.00000000	0.00000000	1.00000000	0.00081915	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.001	Center	220 4th Street SE, Carrollton OH 44615
OHCAR0738	43	BRIAN C & KATHY L JACOBSON	Yes	0.38200	0.00094904	0.00000000	0.00000000	1.00000000	0.00094904	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000816.000	Center	18 Wood Road, Carrollton OH 44615
OHCAR0738	44	BRIAN C & KATHY L JACOBSON	Yes	0.46800	0.00116269	0.00000000	0.00000000	1.00000000	0.00116269	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000813.000	Center	18 Wood Road, Carrollton OH 44615
OHCAR0373	45	THOMAS W & BEVERLY J SHAFER	Yes	0.41558	0.00103246	0.00000000	0.00000000	1.00000000	0.00103246	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000083.000	Center	129 Wood Road SE, Carrollton OH 44615
OHCAR0249	46	DAVID A & MARYANN ERWIN	Yes	0.42000	0.00104344	0.00000000	0.00000000	1.00000000	0.00104344	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000597.001	Center	1045 Salineville Road NE, Carrollton OH 44615
OHCAR0738	47	BRIAN C & KATHY L JACOBSON	Yes	0.45910	0.00114058	0.00000000	0.00000000	1.00000000	0.00114058	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000765.000	Center	18 Wood Road, Carrollton OH 44615
OHCAR0738	48	BRIAN C & KATHY L JACOBSON	Yes	0.45910	0.00114058	0.00000000	0.00000000	1.00000000	0.00114058	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000766.000	Center	18 Wood Road, Carrollton OH 44615
OHCAR0738	49	BRIAN C & KATHY L JACOBSON	Yes	0.45910	0.00114058	0.00000000	0.00000000	1.00000000	0.00114058	0.00000000	0.00000000	0.00000000	0.0000000									

Exhibit "A-2"
Tracts Within The McClure South Unit Contract Area

Lease ID	Tract	Current Mineral Owner	Leased Yes/No	Surface Acres In Unit	Tract Participation ¹	Current Mineral Owner Working Interest	Current Mineral Owner Unit Participation	R.E. Gas Working Interest ²	R.E. Gas Unit Participation	Chspk. Working Interest ³	Chspk. Unit Participation	CHKU Working Interest ⁴	CHKU Unit Participation	Total E&P Working Interest ⁵	Total E&P Unit Participation	EnerVest IX LP Working Interest ⁶	EnerVest IX LP Unit Participation	EnerVest IX-WI LP Working Interest ⁷	EnerVest IX-WI LP Unit Participation	Parcel ID	Township	Address	
OHCAR0761	96	CARROLL COUNTY PARK DISTRICT	Yes	0.68182	0.00169390	0.00000000	0.00000000	1.00000000	0.00169390	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001046.000	Center	Richard C. Hannon, Jr., VP, 190 Alamo Road, Carrollton OH 44615	
OHCAR0409	98	PEGGY S SMITH	Yes	0.73400	0.00182354	0.00000000	0.00000000	0.50000000	0.00091177	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000839.000	Center	7384 Germano Road SE, Amsterdam OH 43903	
OHCAR0409	98	DAVID W WILLIS	Yes	0.73400	0.00182354	0.00000000	0.00000000	0.50000000	0.00091177	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000839.000	Center	785 Salineville Road W, Salineville OH 43945	
OHCAR0029	99	GRIGSBY FAMILY REVOCABLE LIVING TRUST UAD 12/1/1994	Yes	0.76000	0.00188813	0.00000000	0.00000000	1.00000000	0.00188813	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000235.000	Center	1027 Salineville Road, Carrollton OH 44615	
OHCAR0291	100	JEFFREY A & SHELLEY A ALBAUGH	Yes	0.74500	0.00185087	0.00000000	0.00000000	1.00000000	0.00185087	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000813.001	Center	9 Wood Road SE, Carrollton OH 44615	
OHCAR1007	101	JAMES W JR & KELLI JO BAKER	Yes	0.76900	0.00191049	0.00000000	0.00000000	1.00000000	0.00191049	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.017	Center	1081 Overlook Lane, Carrollton OH 44615	
OHCAR1422	102	WILLARD LEE SHAFER JR	Yes	0.77600	0.00192788	0.00000000	0.00000000	1.00000000	0.00192788	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000625.000	Center	3 Wood Road NE, Carrollton OH 44615	
OHCAR1421A	103	MARIAN E ABEL	Yes	0.74100	0.00184093	0.00000000	0.00000000	0.50000000	0.00092046	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000004.000	Center	729 Windamere Drive SW, Carrollton OH 44615	
OHCAR1421B	103	MICHAEL JOHN & KATHLEEN MARY ROWLAND	Yes	0.74100	0.00184093	0.00000000	0.00000000	0.16667000	0.00030683	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000004.000	Center	230 Clipper Bay Drive, Alpharetta GA 30005	
UNLEASED	103	JULIE A ROWLAND now JULIE A KREMPASKY	No	0.74100	0.00184093	0.16667000	0.00030683	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000004.000	Center	2590 E Calle Sin Pecos, Tucson AZ 85718	
UNLEASED	103	LISA M ROWLAND now LISA M ABRAHAMSEN	No	0.74100	0.00184093	0.16666000	0.00030681	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000004.000	Center	3489 McIntosh Lane, Darby MT 59829	
OHCAR0508	104	MARIAN F BAXTER	Yes	0.89100	0.00221359	0.00000000	0.00000000	1.00000000	0.00221359	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.027	Center	1035 Lodge Lane SE, Carrollton OH 44615	
OHCAR0256	105	BILLY N SIMMONS	Yes	0.91700	0.00227818	0.00000000	0.00000000	1.00000000	0.00227818	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000808.000	Center	41 Wood Road SE, Carrollton OH 44615	
OHCAR1044	106	CYNTHIA A & BRAD BAUGHMAN	Yes	0.92300	0.00229309	0.00000000	0.00000000	1.00000000	0.00229309	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.016	Center	1049 Overlook Lane, Carrollton OH 44615	
OHCAR0670	107	HOWARD H & JANICE R HOLLAND	Yes	0.91800	0.00228067	0.00000000	0.00000000	1.00000000	0.00228067	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000909.000	Center	1040 Airway Circle, Carrollton OH 44615	
OHCAR0508	108	MARIAN F BAXTER	Yes	0.93583	0.00232496	0.00000000	0.00000000	1.00000000	0.00232496	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.025	Center	1035 Lodge Lane SE, Carrollton OH 44615	
OHCAR0442	109	MICHAEL W & DIANNE L THURSTON	Yes	0.91800	0.00228067	0.00000000	0.00000000	1.00000000	0.00228067	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000950.000	Center	100 Wood Road SE, Carrollton OH 44615	
OHCAR0107	110	PACKEY P VELLECA	Yes	0.98000	0.00243470	0.00000000	0.00000000	1.00000000	0.00243470	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000574.000	Center	1018 Salineville Road NE, Carrollton OH 44615	
OHCAR0294	111	GARY D & DOLORES WAGNER (life) & ROBERT D & JUNE M WAGNER (remainderman)	Yes	1.00000	0.00248438	0.00000000	0.00000000	1.00000000	0.00248438	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000795.000	Center	802 Thomas Ave NW, Carrollton Oh 44615	
OHCAR1160	112	CRAIG D II & JESSICA E RODGERS	Yes	0.98783	0.00245415	0.00000000	0.00000000	1.00000000	0.00245415	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.013	Center	953 Overlook Lane, Carrollton OH 44615	
OHCAR1053	113	MICHAEL D & NATALIE L WITTS	Yes	0.99600	0.00247445	0.00000000	0.00000000	1.00000000	0.00247445	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.015	Center	1017 Overlook Lane, Carrollton OH 44615	
OHCAR0205	114	EDWARD G & MARY HUFFMAN REVOCABLE LIVING TRUST, dated April 8, 2000	Yes	1.00000	0.00248438	0.00000000	0.00000000	1.00000000	0.00248438	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000367.000	Center	1036 Salineville Road, Carrollton OH 44615	
OHCAR0189	115	ENVIRONMENTAL LAND & MANAGEMENT LLC	Yes	1.00000	0.00248438	0.00000000	0.00000000	1.00000000	0.00248438	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000602.000			535 East 87th Street, Uhrichsville OH 44683
OHCAR0107	116	PACKEY P VELLECA	Yes	1.08700	0.00270053	0.00000000	0.00000000	1.00000000	0.00270053	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000575.000	Center	1018 Salineville Road NE, Carrollton OH 44615	
OHCAR1410	117	EVERETT K & JEAN HOSEY (life estate) AND STEVEN E HOSEY	Yes	1.02000	0.00253407	0.00000000	0.00000000	0.25000000	0.00063352	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.014	Center	958 Overlook Lane SE, Carrollton OH 44615	
OHCAR1410	117	EVERETT K & JEAN HOSEY (life estate) AND DIANN C & CRAIG M SPARR	Yes	1.02000	0.00253407	0.00000000	0.00000000	0.25000000	0.00063352	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.014	Center	958 Overlook Lane SE, Carrollton OH 44615	
OHCAR1410	117	EVERETT K & JEAN HOSEY (life estate) AND AMY J & DAVID F GOLDSTEIN	Yes	1.02000	0.00253407	0.00000000	0.00000000	0.25000000	0.00063352	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.014	Center	958 Overlook Lane SE, Carrollton OH 44615	
OHCAR1410	117	EVERETT K & JEAN HOSEY (life estate) AND MARYELLYN & MICHAEL R MONIGOLD	Yes	1.02000	0.00253407	0.00000000	0.00000000	0.25000000	0.00063352	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.014	Center	958 Overlook Lane SE, Carrollton OH 44615	
OHCAR0189	118	ENVIRONMENTAL LAND & MANAGEMENT LLC	Yes	1.05300	0.00261606	0.00000000	0.00000000	1.00000000	0.00261606	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000575.001	Center	535 East 87th Street, Uhrichsville OH 44683	
OHCAR0005	119	THE PETERSON FAMILY REVOCABLE TRUST UAD 4/25/2005	Yes	1.06700	0.00265084	0.00000000	0.00000000	1.00000000	0.00265084	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000595.000	Center	1037 Salineville Road NE, Carrollton OH 44615	
OHCAR0670	120	HOWARD H & JANICE R HOLLAND	Yes	1.03300	0.00256637	0.00000000	0.00000000	1.00000000	0.00256637	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001047.001	Center	1040 Airway Circle, Carrollton OH 44615	
OHCAR0652	121	NICHOLAS T & AMY J SUTTON	Yes	1.09000	0.00270798	0.00000000	0.00000000	1.00000000	0.00270798	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.018	Center	1113 Overlook Lane, Carrollton OH 44615	
OHCAR0205	122	EDWARD G & MARY HUFFMAN REVOCABLE LIVING TRUST, dated April 8, 2000	Yes	1.09200	0.00271295	0.00000000	0.00000000	1.00000000	0.00271295	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000573.000	Center	1036 Salineville Road, Carrollton OH 44615	
OHCAR0442	123	MICHAEL W & DIANNE L THURSTON	Yes	1.03300	0.00256637	0.00000000	0.00000000	1.00000000	0.0025663														

Exhibit "A-2"
Tracts Within The McClure South Unit Contract Area

Lease ID	Tract	Current Mineral Owner	Leased Yes/No	Surface Acres In Unit	Tract Participation ¹	Current Mineral Owner Working Interest	Current Mineral Owner Unit Participation	R.E. Gas Working Interest ²	R.E. Gas Unit Participation	Chspk. Working Interest ³	Chspk. Unit Participation	CHKU Working Interest ⁴	CHKU Unit Participation	Total E&P Working Interest ⁵	Total E&P Unit Participation	EnerVest IX LP Working Interest ⁶	EnerVest IX LP Unit Participation	EnerVest IX-WI LP Working Interest ⁷	EnerVest IX-WI LP Unit Participation	Parcel ID	Township	Address						
OHCAR0973	131	SHAUN E & MISTY M BURCHFIELD	Yes	3.16900	0.00787302	0.00000000	0.00000000	1.00000000	0.00787302	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.019	Center	7034 Salineville Road, Mechanicstown OH 44651				
OHCAR0979	132	DONALD T & MARY ROSE LALINSKY	Yes	1.63580	0.00406396	0.00000000	0.00000000	1.00000000	0.00406396	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.033	Center	395 Deerhaven Drive SW, Carrollton OH 44615			
OHCAR0132	133	BEAU E & MARISSA J BRACE	Yes	1.66269	0.00413076	0.00000000	0.00000000	1.00000000	0.00413076	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000947.000	Center	328 North Lisbon Street, Carrollton OH 44615		
OHCAR1244	134	JAMES C & GEORGIANN HILL	Yes	1.69600	0.00421352	0.00000000	0.00000000	1.00000000	0.00421352	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.028	Center	1097 Lodge Lane NE, Carrollton OH 44615		
OHCAR0116	135	THOMAS D & ELSIE I MCCONNELL	Yes	1.70160	0.00422743	0.00000000	0.00000000	1.00000000	0.00422743	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000526.000	Center	1005 Salineville Road NE, Carrollton OH 44615	
OHCAR1120	136	KEITH J & ATHENA M LUNSFORD	Yes	1.78400	0.00443214	0.00000000	0.00000000	1.00000000	0.00443214	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001048.000	Center	6855 Cedar Avenue, Cocoa FL 32927	
OHCAR0256	137	BILLY N SIMMONS	Yes	1.81000	0.00449674	0.00000000	0.00000000	1.00000000	0.00449674	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001047.003	Center	41 Wood Road SE, Carrollton OH 44615	
OHCAR0222	139	ROBERT D III & EMIE J MAPLE	Yes	1.86900	0.00464332	0.00000000	0.00000000	1.00000000	0.00464332	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001044.000	Center	89 Wood Road, Carrollton OH 44615	
OHCAR1404	140	GENEVIEVE E PETERSON	Yes	2.32038	0.00576471	0.00000000	0.00000000	1.00000000	0.00576471	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001044.000	Center	622 McKinley Avenue NW, Carrollton OH 44615	
OHCAR0221	141	RANDY L & JACQUELINE A DEWITT	Yes	2.43500	0.00604948	0.00000000	0.00000000	1.00000000	0.00604948	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000989.000	Center	77 Wood Road, Carrollton OH 44615	
OHCAR1303	142	JOHN C & ELIZABETH G WALKER REVOCABLE TRUST dated July 27, 2009	Yes	2.52300	0.00626810	0.00000000	0.00000000	1.00000000	0.00626810	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000140.001	Center	John C. & Elizabeth G. Walker, Co-Trustees, 62 Wood Road SE, Carrollton OH 44615
OHCAR0878	143	AARON J & NICOLE L PAULETTE	Yes	2.52300	0.00626810	0.00000000	0.00000000	1.00000000	0.00626810	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000140.000	Center	54 Wood Road SE, Carrollton OH 44615
OHCAR0518A	145	CHARLES L & JUDITH L CAPPER	Yes	2.59000	0.00643456	0.00000000	0.00000000	0.16667000	0.00107245	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000597.002	Center	2229 Rebel Road SW, Carrollton OH 44615
OHCAR0518B	145	CRAIG H & PEGGY JO DEIBEL	Yes	2.59000	0.00643456	0.00000000	0.00000000	0.16667000	0.00107245	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000597.002	Center	242 Sutton Avenue NE, North Canton OH 44720
OHCAR0518C	145	MICAH T & BECKY J HARTONG	Yes	2.59000	0.00643456	0.00000000	0.00000000	0.16667000	0.00107245	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000597.002	Center	5212 mountain Road NE, Mechanicstown OH 44651
OHCAR0518D	145	DONALD J & MARY SUSAN MCCORKLE	Yes	2.59000	0.00643456	0.00000000	0.00000000	0.16667000	0.00107245	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000597.002	Center	718 elberta Drive, Vincennes IN 47591
OHCAR0518E	145	LANNY B & KENDRA A PETERSON	Yes	2.59000	0.00643456	0.00000000	0.00000000	0.16666000	0.00107238	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000597.002	Center	9020 Apollo Road NE, Kensington OH 44427
OHCAR0518F	145	WILLIAM B & BARBARA PETERSON	Yes	2.59000	0.00643456	0.00000000	0.00000000	0.16666000	0.00107238	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000597.002	Center	618 McKinley Avenue NW, Carrollton OH 44615
OHCAR0458	146	JUDY A & JOHN I LOWDERMILK	Yes	2.79278	0.00693834	0.00000000	0.00000000	1.00000000	0.00693834	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000862.000	Center	111 Wood Road, Carrollton OH 44615
OHCAR1321	147	ANTHONY & LINDA S DESIMONE	Yes	2.80600	0.00697118	0.00000000	0.00000000	1.00000000	0.00697118	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000948.000	Center	27 Wood Road SE, Carrollton OH 44615
OHCAR1401A	149	DONNA J OWENS	Yes	3.11008	0.00772664	0.00000000	0.00000000	0.50000000	0.00386332	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000948.000	Center	75 Second Street NE, Carrollton OH 44615
OHCAR1401B	149	LOUIS S KIBSGARD, TRUSTEE U/D/T dated MAY 21, 1997, F/B/O LOUIS S. KIBSGARD	Yes	3.11008	0.00772664	0.00000000	0.00000000	0.50000000	0.00386332	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000948.000	Center	13201 Iyopawa Island, Cold Water MI 49036
OHCAR0273	150	LARRY R & MARILYN K WARNER	Yes	3.00000	0.00745315	0.00000000	0.00000000	1.00000000	0.00745315	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000806.000	Center	1120 Salineville Road NE, Carrollton OH 44615
OHCAR0139	152	WILLIAM L & CYNTHIA K WELLS	Yes	3.56000	0.00884441	0.00000000	0.00000000	1.00000000	0.00884441	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000821.000	Center	17 Wood Road, Carrollton OH 44615
OHCAR0772	153	VERA MAE PRINKEY	Yes	3.70700	0.00920961	0.00000000	0.00000000	1.00000000	0.00920961	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000796.000	Center	1119 Salineville Road NE, Carrollton OH 44615
OHCAR0242	154	LAWRENCE L & CYNTHIA K WOOD	Yes	4.28110	0.01063590	0.00000000	0.00000000	1.00000000	0.01063590	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000215.001	Center	270 Salineville Road, Carrollton OH 44615
OHCAR0273	155	LARRY R & MARILYN K WARNER	Yes	4.00000	0.00993754	0.00000000	0.00000000	1.00000000	0.00993754	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000807.000	Center	1120 Salineville Road NE, Carrollton OH

Exhibit "A-2"
Tracts Within The McClure South Unit Contract Area

Lease ID	Tract	Current Mineral Owner	Leased Yes/No	Surface Acres In Unit	Tract Participation ¹	Current Mineral Owner Working Interest	Current Mineral Owner Unit Participation	R.E. Gas Working Interest ²	R.E. Gas Unit Participation	Chspk. Working Interest ³	Chspk. Unit Participation	CHKU Working Interest ⁴	CHKU Unit Participation	Total E&P Working Interest ⁵	Total E&P Unit Participation	EnerVest IX LP Working Interest ⁶	EnerVest IX LP Unit Participation	EnerVest IX-WI LP Working Interest ⁷	EnerVest IX-WI LP Unit Participation	Parcel ID	Township	Address
CHESAPEAKE	176	G.F. FARM FAMILY LP	Yes	73.39958	0.18235281	0.00000000	0.00000000	0.00000000	0.00000000	0.17994200	0.03281293	0.56268300	0.10260683	0.25737500	0.04693305	0.00000000	0.00000000	0.00000000	0.00000000	09-0000245.000	Center	Glen R. Grover, General Partner, 510 Steubenville Road, Carrollton OH 44615

¹ "Tract Participation" was calculated by dividing "Surface Acres In Unit" by 402.51412 (unit acreage).

² "R.E. Gas" refers to R. E. Gas Development, LLC.

³ "Chspk." refers to Chesapeake Exploration, L.L.C.

⁴ "CHKU" refers to CHK Utica, LLC.

⁵ "Total E&P" refers to Total E&P USA, Inc.

⁶ "EnerVest IX LP" refers to EnerVest Energy Institutional Fund IX, LP

⁷ "EnerVest IX-WI LP" refers to EnerVest Energy Institutional Fund IX-WI, LP
Tract 117 Life Estate Everett D. & Jean Hosey.

Exhibit "A-3"
Unleased Tracts Within The McClure South Unit Contract Area

Lease ID	Tract	Current Mineral Owner	Leased Yes/No	Surface Acres In Unit	Tract Participation ¹	Current Mineral Owner Working Interest	Current Mineral Owner Unit Participation	Parcel ID	Township	Address
UNLEASED	30	TIME WARNER NY CABLE LLC	No	0.26700	0.00061128	1.00000000	0.00061128	09-0000973.000	Center	Tax Dept, 7820 Crescent Executive Drive, PO Box 7467, Charlotte NC 28241
UNLEASED	33	TIME WARNER NY CABLE LLC	No	0.29400	0.00067310	1.00000000	0.00067310	09-0000459.000	Center	Tax Dept, 7820 Crescent Executive Drive, PO Box 7467, Charlotte NC 28241
UNLEASED	103	JULIE A ROWLAND now JULIE A KREMPASKY	No	0.12350	0.00028275	0.16667000	0.00004713	09-0000004.000	Center	2590 E Calle Sin Pecado, Tucson AZ 85718
UNLEASED	103	LISA M ROWLAND now LISA M ABRAHAMSEN	No	0.12350	0.00028275	0.16666000	0.00004712	09-0000004.000	Center	3489 McIntosh Lane, Darby MT 59829

¹ "Tract Participation" was calculated by multiplying "Mineral Ownership" by "Surface Acres In Unit" then dividing the result by 402.51412 (unit acreage).

Total Leased Acres	401.70612
Total Unleased Acres	0.80800
Total Acres	402.51412

Exhibit "A-4"

Working Interest Owners Within The McClure South Unit Contract Area

Lease ID	Tract	Current Mineral Owner	Leased Yes/No	Surface Acres In Unit	Current Mineral Owner Working Interest	Current Mineral Owner Net Mineral Acres	R.E. Gas Working Interest ²	R.E. Gas Net Mineral Acres	Chspk. Working Interest ³	Chspk. Net Mineral Acres	CHKU Working Interest ⁴	CHKU Net Mineral Acres	Total E&P Working Interest ⁵	Total E&P Net Mineral Acres	EnerVest IX LP Working Interest ⁶	EnerVest IX LP Net Mineral Acres	EnerVest IX-WI Working Interest ⁷	EnerVest IX-WI LP Net Mineral Acres	Parcel ID	Township	Address
OHCAR0373	3	THOMAS W & BEVERLY J SHAFER	Yes	0.05310	0.00000000	0.00000000	1.00000000	0.05310000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001045.000	Center	129 Wood Road SE, Carrollton OH 44615
OHCAR1226	5	RICHARD LT & JOY L SMITH	Yes	0.06392	0.00000000	0.00000000	1.00000000	0.06392000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000526.001	Center	293 Salineville Road NE, Carrollton Oh 44615
OHCAR0373	7	THOMAS W & BEVERLY J SHAFER	Yes	0.09115	0.00000000	0.00000000	1.00000000	0.09115000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000082.000	Center	129 Wood Road SE, Carrollton OH 44615
OHCAR1080	8	MATTHEW W MILLER & SUSAN M BROWN	Yes	0.10629	0.00000000	0.00000000	1.00000000	0.10629000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.032	Center	356 Leatherberry Road NE, Carrollton OH 44615
OHCAR1054	11	BAUSELL FAMILY TRUST UTA March 26, 1997	Yes	0.11670	0.00000000	0.00000000	1.00000000	0.11670000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001044.001	Center	Earnest or Ruth J. Bausell, Co-Trustees, 97 Wood Road, Carrollton OH 44615
OHCAR0602	13	RONALD L & DARLA K LUCAS	Yes	0.13500	0.00000000	0.00000000	1.00000000	0.13500000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000621.000	Center	11 Wood Road NE, Carrollton OH 44615
OHCAR0852	15	DAVID A & MARY ANN ERWIN	Yes	0.14041	0.00000000	0.00000000	1.00000000	0.14041000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.012	Center	1045 Salineville Road, Carrollton OH 44615
OHCAR0249	16	DAVID A & MARYANN ERWIN	Yes	0.14900	0.00000000	0.00000000	1.00000000	0.14900000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000187.000	Center	1045 Salineville Road NE, Carrollton OH 44615
OHCAR0374	22	KENNETH R & HELEN J SKINNER	Yes	0.20091	0.00000000	0.00000000	1.00000000	0.20091000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000549.000	Center	126 Wood Road SE, Carrollton OH 44615
OHCAR0029	24	GRIGSBY FAMILY REVOCABLE LIVING TRUST UAD 12/1/1994	Yes	0.21000	0.00000000	0.00000000	1.00000000	0.21000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000234.000	Center	1027 Salineville Road, Carrollton OH 44615
OHCAR0963	25	MONTE L & SHALEEN M SHAVER	Yes	0.21628	0.00000000	0.00000000	1.00000000	0.21628000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	10-0000662.000	Center	251 Salineville Road SE, Carrollton OH 44615
OHCAR0221	26	RANDY L & JACQUELINE A DEWITT	Yes	0.21700	0.00000000	0.00000000	1.00000000	0.21700000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000882.000	Center	77 Wood Road, Carrollton OH 44615
OHCAR0963	28	MONTE L & SHALEEN M SHAVER	Yes	0.23828	0.00000000	0.00000000	1.00000000	0.23828000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000356.000	Center	251 Salineville Road SE, Carrollton OH 44615
OHCAR0518A	29	CHARLES L & JUDITH L CAPPER	Yes	0.25000	0.00000000	0.00000000	0.16667000	0.04166750	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	2229 Rebel Road SW, Carrollton OH 44615
OHCAR0518B	29	CRAIG H & PEGGY JO DEIBEL	Yes	0.25000	0.00000000	0.00000000	0.16667000	0.04166750	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	242 Sutton Avenue NE, North Canton OH 44720
OHCAR0518C	29	MICAH T & BECKY J HARTONG	Yes	0.25000	0.00000000	0.00000000	0.16667000	0.04166750	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	5212 mountain Road NE, Mechanicstown OH 44651
OHCAR0518D	29	DONALD J & MARY SUSAN MCCORKLE	Yes	0.25000	0.00000000	0.00000000	0.16667000	0.04166750	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	718 elberta Drive, Vincennes IN 47591
OHCAR0518E	29	LANNY B & KENDRA A PETERSON	Yes	0.25000	0.00000000	0.00000000	0.16666000	0.04166500	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	9020 Apollo Road NE, Kensington OH 44427
OHCAR0518F	29	WILLIAM B & BARBARA PETERSON	Yes	0.25000	0.00000000	0.00000000	0.16666000	0.04166500	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000600.000	Center	618 Mckinley Avenue NW, Carrollton OH 44615
UNLEASED	30	TIME WARNER CABLE MIDWEST LLC	No	0.26700	1.00000000	0.26700000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.000	Center	Tax Dept, 7820 Crescent Executive Drive, Charlotte NC 28217
OHCAR1285	31	DALE R & LISA L BAKER	Yes	0.27300	0.00000000	0.00000000	1.00000000	0.27300000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000599.001	Center	1058 Salineville Road NE, Carrollton OH 44615
UNLEASED	33	TIME WARNER CABLE MIDWEST LLC	No	0.29400	1.00000000	0.29400000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000459.000	Center	Tax Dept, 7820 Crescent Executive Drive, Charlotte NC 28217
OHCAR1114	34	SHAWN A & ABRA NEELEY	Yes	0.29553	0.00000000	0.00000000	1.00000000	0.29553000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.031	Center	328 Leatherberry Drive SE, Carrollton OH 44615
OHCAR1285	35	DALE R & LISA L BAKER	Yes	0.31000	0.00000000	0.00000000	1.00000000	0.31000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000207.000	Center	1058 Salineville Road NE, Carrollton OH 44615
OHCAR0602	37	RONALD L & DARLA K LUCAS	Yes	0.32400	0.00000000	0.00000000	1.00000000	0.32400000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000622.000	Center	11 Wood Road NE, Carrollton OH 44615
OHCAR1296	38	NILAH J & JAY C ANKROM REVOCABLE LIVING TRUST dated November 24, 2004	Yes	0.18600	0.00000000	0.00000000	1.00000000	0.18600000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000027.000	Center	Nilah J & Jay C Ankrom, Trustees, 1021 Salineville Road NE, Carrollton OH 44615
OHCAR1154	39	DARRELL V & PATRICIA A LOCKE	Yes	0.32972	0.00000000	0.00000000	1.00000000	0.32972000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000973.001	Center	220 4th Street SE, Carrollton OH 44615
OHCAR0738	43	BRIAN C & KATHY L JACOBSON	Yes	0.38200	0.00000000	0.00000000	1.00000000	0.38200000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000816.000	Center	18 Wood Road, Carrollton OH 44615
OHCAR0738	44	BRIAN C & KATHY L JACOBSON	Yes	0.46800	0.00000000	0.00000000	1.00000000	0.46800000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000813.000	Center	18 Wood Road, Carrollton OH 44615
OHCAR0373	45	THOMAS W & BEVERLY J SHAFER	Yes	0.41558	0.00000000	0.00000000	1.00000000	0.41558000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000083.000	Center	129 Wood Road SE, Carrollton OH 44615
OHCAR0249	46	DAVID A & MARYANN ERWIN	Yes	0.42000	0.00000000	0.00000000	1.00000000	0.42000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000597.001	Center	1045 Salineville Road NE, Carrollton OH 44615
OHCAR0738	47	BRIAN C & KATHY L JACOBSON	Yes	0.45910	0.00000000	0.00000000	1.00000000	0.45910000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000765.000	Center	18 Wood Road, Carrollton OH 44615
OHCAR0738	48	BRIAN C & KATHY L JACOBSON	Yes	0.45910	0.00000000	0.00000000	1.00000000	0.45910000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000766.000	Center	18 Wood Road, Carrollton OH 44615
OHCAR0738	49	BRIAN C & KATHY L JACOBSON	Yes	0.45910	0.00000000	0.00000000	1.00000000	0.45910000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000767.000	Center	18 Wood Road, Carrollton OH 44615
OHCAR0788	50	DONALD H STATES TRUST II	Yes	0.45910	0.00000000	0.00000000	1.00000000	0.45910000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000800.000	Center	Terrance A. Lee, Trustee, 6266 Germano Road SE, Carrollton OH 44615
OHCAR1120	51																				

Exhibit "A-4"
Working Interest Owners Within The McClure South Unit Contract Area

Lease ID	Tract	Current Mineral Owner	Leased Yes/No	Surface Acres In Unit	Current Mineral Owner Working Interest	Current Mineral Owner Net Mineral Acres	R.E. Gas Working Interest ²	R.E. Gas Net Mineral Acres	Chspk. Working Interest ³	Chspk. Net Mineral Acres	CHKU Working Interest ⁴	CHKU Net Mineral Acres	Total E&P Working Interest ⁵	Total E&P Net Mineral Acres	EnerVest IX LP Working Interest ⁶	EnerVest IX LP Net Mineral Acres	EnerVest IX-WI Working Interest ⁷	EnerVest IX-WI LP Net Mineral Acres	Parcel ID	Township	Address
OHCAR1303	162	JOHN C & ELIZABETH G WALKER REVOCABLE TRUST dated July 27, 2010	Yes	6.88900	0.00000000	0.00000000	1.00000000	6.88900000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001047.009	Center	John C. & Elizabeth G. Walker, Co-Trustees, 62 Wood Road SE, Carrollton OH 44615
OHCAR1301	163	KELLIE & SCOTT SMITH	Yes	7.41700	0.00000000	0.00000000	1.00000000	7.41700000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001047.005	Center	4026 Latham Drive, Haymarket VA 20169
OHCAR0942	164	Wood Rd, LLC	Yes	6.85500	0.00000000	0.00000000	1.00000000	6.85500000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001047.010	Center	Michael A. Wyman Jr., 6700 River Walk Dr., Valley City OH 44280
OHCAR0940	165	AARON J PAULETTE	Yes	7.24000	0.00000000	0.00000000	1.00000000	7.24000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001047.006	Center	1956 Burrow Road SW, Carrollton OH 44615
OHCAR0139	166	WILLIAM L & CYNTHIA K WELLS	Yes	8.32000	0.00000000	0.00000000	1.00000000	8.32000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000214.000	Center	17 Wood Road, Carrollton OH 44615
OHCAR1191	168	MICHAEL J & LISA R LESLIE	Yes	8.20800	0.00000000	0.00000000	1.00000000	8.20800000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001047.000	Center	88 Wood Road, Carrollton OH 44615
OHCAR0918	170	DONNA K MILLER	Yes	11.79300	0.00000000	0.00000000	1.00000000	11.79300000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000227.000	Center	1117 Salineville Road NE, Carrollton OH 44615
OHCAR1191	171	MICHAEL J & LISA R LESLIE	Yes	12.08600	0.00000000	0.00000000	1.00000000	12.08600000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0001047.004	Center	88 Wood Road, Carrollton OH 44615
OHCAR0761	172	CARROLL COUNTY PARK DISTRICT	Yes	14.27916	0.00000000	0.00000000	1.00000000	14.27916000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000597.000	Center	Richard C. Hannon, Jr., VP, 190 Alamo Road, Carrollton OH 44615
OHCAR0236	173	JAMES B & BETH A RININGER	Yes	15.51266	0.00000000	0.00000000	1.00000000	15.51266000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000011.000	Center	351 Garfield Avenue NW, Carrollton OH 44615
OHCAR0006	174	DENNIS D & THERESA R MILLER	Yes	37.62594	0.00000000	0.00000000	1.00000000	37.62594000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	09-0000002.000	Center	202 Township Road, Salineville OH 43945
CHESAPEAKE	175	JUDITH G ABEL	Yes	39.18255	0.00000000	0.00000000	0.00000000	0.00000000	0.03000122	1.17552430	0.34499880	13.51793273	0.24999998	9.79563672	0.29073034	11.39155608	0.08426966	3.30190017	09-0000012.000	Center	1182 Salineville road NE, Carrollton OH 44615
CHESAPEAKE	176	G.F. FARM FAMILY LP	Yes	73.39958	0.00000000	0.00000000	0.00000000	0.00000000	0.17994200	13.20766722	0.56268300	41.30069587	0.25737500	18.89121690	0.00000000	0.00000000	0.00000000	0.00000000	09-0000245.000	Center	Glen R. Grover, General Partner, 510 Steubenville Road, Carrollton OH 44615

¹ "Net Mineral Acres" was calculated by multiplying "Surface Acres In Unit" by the applicable party's working interest.

² "R.E. Gas" refers to R. E. Gas Development, LLC.

³ "Chspk." refers to Chesapeake Exploration, L.L.C.

⁴ "CHKU" refers to CHK Utica, LLC.

⁵ "Total E&P" refers to Total E&P USA, Inc.

⁶ "EnerVest IX LP" refers to EnerVest Energy Institutional Fund IX, LP

⁷ "EnerVest IX-WI LP" refers to EnerVest Energy Institutional Fund IX-WI, LP

Tract 117 Life Estate Everett D. & Jean Hosey.

OIL AND GAS LEASE

This oil and gas lease (the "Lease") made this ____ day of _____, 2015, between _____, herein called "Lessor" (collectively if there is more than one) whose address is _____, and R.E. Gas Development, LLC, a Delaware limited liability company, hereinafter called "Lessee", whose address is 366 Walker Dr., State College, Pennsylvania 16801.

ARTICLE I. GRANT OF LEASE

Lessor, in consideration of the payments described herein and the covenants and agreements hereinafter contained, does hereby lease to the Lessee the land described below exclusively for the purpose of carrying on geophysical and other exploratory work, including core drilling, and the drilling, operating for, and producing of all the oil, gas, casinghead gas, casinghead gasoline and all other gases and their respective constituent vapors, liquid or gaseous hydrocarbons produced in association therewith other than as reserved unto Lessor herein below (herein called "Lease Products").

1. Description of the Land Included in this Lease

The land included in this Lease, herein called the "Leased Premises" is located in the State of Ohio, County of **Carroll**, Township of _____, parcel number(s) _____. A legal description (metes and bounds) is attached hereto as Exhibit A.

2. Limitations on Grant of Lease

(a) Lessor's Reserved Rights. Lessor reserves all rights not specifically granted to Lessee in this Lease. Specifically reserved by Lessor are all oil, gas and other mineral rights from the surface to the top of the Queenston Shales, other than such rights allowed to Lessee to drill through such reserved portions as are necessary for Lessee to have access to the Queenston Shales and below.

(b) Lessor Structures and Improvements. Lessor reserves the right to construct any structure or other improvements at any location selected by Lessor anywhere on the Leased Premises provided the exercise of such reserved rights by Lessor does not impair the exercise and enjoyment of rights granted Lessee hereunder. If prior to Lessee coordinating site location for any operations of Lessee's on the Leased Premises pursuant to Article V, Section (1)(q) of this lease, Lessor commences construction of a structure or other improvement on the Leased Premises, Lessee will not locate any equipment, nor conduct any operations within 300 feet of the proposed structure or improvement (within 500 feet if a habitable structure) without Lessor's prior written permission.

(c) Agricultural Activities. Lessor reserves the right to initiate or continue irrigation and agricultural activities (including timbering) on the Leased Premises. If Lessor decides to conduct agricultural activities on the Leased Premises, Lessee will accommodate Lessor's agricultural use to the extent practical in light of the rights granted to Lessee hereunder and the potential use of the property for the purposes set forth in the Lease.

(d) Other Minerals Reserved. This Lease does not include and there is hereby excepted and reserved unto Lessor all of the sulfur, coal, lignite, uranium, and other fissionable material, geothermal energy, base and precious metals, rock, stone, gravel, and any other mineral substances (excepting those described above in the Grant of Lease) presently owned by Lessor in, under, or upon the Leased Premises, together with rights of ingress and egress and use of the Leased Premises by Lessor or its lessees or assignees for purposes of exploration for and production and marketing of the materials and minerals reserved hereby.

3. Unitization – Pooled Units

Subject to any limitations below, Lessee is granted the right, at its option, to pool or unitize any land covered by this Lease with any other contiguous lands included with other leases as to any or all horizons or gas, oil, or other minerals described above in the Grant of Lease in this Lease so as to establish pooled units. No pooled unit for any vertical well with no horizontal drilling component which includes any portion of the Leased Premises shall exceed eighty (80) acres. No pooled unit for any well that includes lateral or horizontal well shall exceed six hundred forty (640) acres plus ten percent (10%) tolerance. Lessee shall furnish to Lessor a copy of the declaration of the unit of which any portion of the Leased Premises shall be a part, including a copy of all plats, maps, and exhibits to such application or declaration. For the purposes of this Lease, operations on and production from any lands which are included in a pooled unit with the Leased Premises shall be considered operations on and production from the Leased Premises. The payment of royalty or other like payments due under this Lease shall be proportionately reduced to such proportional share from, or attributable to, each well unit as the number of acres covered by this Lease and included in the unit bears to the total number of acres in the unit.

4. **Unit Configuration**

Insofar as possible, taking into consideration the productive limits of the producing interval, the configuration of the mineral ownership boundaries and the unit configuration for the Leased Premises, the lands included within the production unit for a well shall be in the form of a square or rectangle. Reasonable efforts shall be made by Lessee in designating production units to avoid excluding small or irregular shaped portions of the Leased Premises. Units assigned to wells producing from different zones may overlap, and shall overlap when necessary to comply with the requirements of this section. If a well is producing from more than one formation, its production unit's size and configuration shall conform to the to the limitations set forth herein or the Ohio Department of Natural Resources ("ODNR") (or other government entity with jurisdiction) rules applicable to the well which provides the largest production unit (subject to the size limitations stated above). If all or a portion of the Leased Premises is included in a pooled unit, then for purposes of this paragraph all the lands within the pooled unit shall be considered a part of the Leased Premises, and the size and configuration of the production unit(s) must conform to the requirements of this paragraph for a production unit if such unit is established by Lessee. Lessor specifically recognizes that Lessee, at Lessee's option, may drill multiple wells within a unit provided that such is permitted by the ODNR.

5. **Top Lease; First Right of Refusal**

In the event Lessor chooses to grant any remaining rights reserved by Lessor under this Lease to any party other than Lessee, then before any such grant Lessor shall provide Lessee with a writing setting forth all terms and conditions of such other grant, or a true copy of any lease or other document reflecting such grant. Lessee shall be afforded a period of at least thirty (30) calendar days following receipt of such written notice, during which time Lessee may elect to exercise this first right of refusal to assume the obligations of lessee or grantee under such other proposed grant on the same terms and conditions contained therein. Should Lessee so elect, Lessee shall notify Lessor in writing within such thirty (30) day period, and submit therewith any up-front payments or other considerations described in such proposal, along with a signed lease or grant document accordingly.

6. **Definitions**

(a) **Operations.** "Operations" shall mean only (a) the production of oil, gas or other liquid hydrocarbons in paying quantities subsequent to drilling or (b) the actual drilling, completing, stimulating, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas, conducted in good faith and with due diligence.

(b) **Division Order.** Documents setting forth the proportional ownership of Lessor in Lease Products.

ARTICLE II. TERM OF LEASE

1. **Primary Term**

This Lease shall become effective on the date of signing, which date will be inserted where provided below the title of this document ("Effective Date"). Except as provided herein, this Lease shall remain in full force and effect for a period of five (5) years from such date (hereinafter referred to as "Primary Term").

2. **Extension of Primary Term**

This Lease may be extended beyond the Primary Term only under the condition that an active deep well (into regions below the top of the Queenston Shales) has been commenced to the extent that the bit has hit the ground prior to the end of the Primary Term, or by the other terms and conditions contained herein, including, but not limited to, the provisions of Article II. Section 3 below, or if at the expiration of the Primary Term, or any extension thereof, Lessee is then engaged in drilling, deepening, plugging back or reworking operations, then this Lease, as to all acreage covered hereby, shall remain in full force and effect so long as: (i) the drilling, deepening, plugging back or reworking operations are prosecuted to completion with due diligence; and (ii) no cessation of more than ninety (90) consecutive days occur from the completion of the operations and the commencement of drilling, deepening, plugging back or reworking operations of a different well; and (iii) Lessee continues to commence the drilling, deepening, plugging back or reworking of a well within ninety (90) days after the completion of operations on the prior well.

3. **Option To Renew**

Lessee is hereby given the option to extend by renewal the Primary Term of this Lease for one (1) additional three (3) year period. This option may be exercised by Lessee by notifying Lessor in writing of Lessee's intent to exercise its option and simultaneously therewith paying to Lessor in full, prepaid at any time prior to termination of the Primary Term a lease bonus for the 3 year renewal period

equal to the 5 year Primary Term bonus paid by Lessee under Article III, Section 1 herein (thus, effectively \$ 1,166.67 per net acre per year for the three year renewal period). Such payment shall be based upon the net acres then covered by this Lease and not at such time being maintained by other provisions hereof. Should this option be exercised, it shall be considered for all purposes as though this Lease originally provided for a Primary Term of eight (8) years.

4. **Shut-In Limitation**

In the event all wells drilled upon the Leased Premises is shut-in, the lease will continue in force and effect while production is shut in; provided, however, this Lease may not be maintained in force for any continuous period of time longer than thirty-six (36) consecutive months or forty-eight (48) cumulative months after the expiration of the Primary Term hereof solely by provision of the shut-in royalty clause. The shut-in status of any well shall persist only so long as it is necessary to correct, through the exercise of good faith and due diligence, the condition giving rise to the shut-in of the well.

5. **Pugh Clause**

(a) As to any acreage of the Leased Premises which is not included within any production unit at the expiration of the Primary Term, including any extension of the Primary Term in accordance with Article II, Section 2 and/or Section 3 of this lease, this lease shall automatically terminate and be of no further force or effect as to any acreage not within such designated units.

(b) In addition, at the end of the Primary Term or extension thereof, this Lease shall terminate as to all depths and horizons under each production unit below two hundred (200) feet below the stratigraphic equivalent of the base (bottom) of the deepest formation from which production of oil or gas in paying quantities is being maintained (or, in the case of a shut-in gas well, can be maintained) in the well on such production unit if Lessor makes a demand in writing to Lessee that Lessee commence development of such lower depths and horizons, and Lessee has not within one hundred eighty (180) calendar days following such demand, commenced development efforts at least to the extent of application for a permit for a well into such depths and horizons.

(c) Notwithstanding Article II(5)(a) and (b) above, Lessee may continue to utilize access roads, pipelines, or other surface use in effect at the time of termination described above, with Lessee deemed to hold such rights by surface easement so long as such use by Lessee shall continue. Lessee's rights shall not prevent Lessor from re-leasing rights terminated as described above, so long as Lessee's retained surface rights are not disrupted.

6. **Held by Production**

This Lease may be held in force after the termination of the Primary Term, including any extensions in accordance with Article II, Section 2 and/or Section 3 of this Lease, only by terms and conditions contained herein, including but not limited to production from, or operations conducted on the Leased Premises or any units in which the Leased Premises is included.

7. **Partial Releases**

Lessee shall have the right at any time during this Lease to release from the lands covered hereby any lands subject to this Lease and thereby may be relieved of all obligations hereafter accruing as to the acreage so released, provided that (a) Lessee may not release any portion of this Lease included in a pooled unit so long as operations are being conducted on such unit, and (b) any such partial release must release all depths in and under the lands so released except as provided in Article II, Section 5(b) above.

8. **Termination of Record**

Upon termination of this Lease as to any portion of the Leased Premises, Lessee shall promptly deliver to Lessor a plat showing the designated production units around each well and a partial release containing a description (metes and bounds and map) of the acreage and depths not retained, in form suitable for recording. In addition, Lessee shall peaceably surrender the released premises to Lessor and remove any and all facilities, equipment and machinery from the site within 90 days at Lessee's expense if the same are not necessary for continued operations as described in Article II, Section 5(c) above. Further, the affected land shall be reclaimed in accordance with Article V, Section 1(m) of this Lease.

Upon termination of this Lease or any portion thereof, or upon expiration of this Lease, Lessee shall provide Lessor documentation in recordable form of such termination or expiration within thirty (30) calendar days after the date of termination or expiration. Should Lessee fail to provide such documentation, Lessee hereby grants to Lessor the right and authority, after thirty (30) days prior written notice delivered to Lessee by certified mail at the address shown on this lease, or such other address as has been subsequently provided by Lessee to Lessor, to file an affidavit on record reflecting such expiration or termination, which filing shall be binding upon Lessee.

9. **Default**

(a) **Examples of Default.** In addition to any incidents of default described throughout this Lease, the occurrence of any of the following shall be deemed a default:

(i) If any creditor of Lessee, its agents, and/or assigns, shall take any action to execute on, garnish or attach the assets of Lessee located upon the Leased Premises, or

(ii) If a request or petition for liquidation, reorganization, adjustment of debts, arrangement, or similar relief under the bankruptcy, insolvency or similar laws of the United States or any state or territory thereof, or any foreign jurisdiction shall be filed by or against Lessee, or any formal or informal proceeding for the reorganization, dissolution or liquidation or settlement of claims against, or winding up of affairs of Lessee; or the garnishment, attachment, or taking by governmental authority of any collateral or other property of Lessee.

(b) **Notice of Default or Breach of Lease.** In the event Lessor considers that Lessee is in default under this Lease or that Lessee has not complied with its obligations hereunder, both express and implied, including the non-payment of royalty or rent, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee is in default or Lessee has breached this Lease. Lessee shall then have forty-five (45) days after date of receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor, or to correct any default. The service of said notice shall be precedent to the bringing of any claim or action by Lessor on this Lease for any cause, and no such claim or action shall be brought until the lapse of forty-five (45) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches or the default shall be deemed an admission or presumption that Lessee has failed to perform all of its obligations hereunder.

(c) **Termination for Default.** Upon the occurrence of the event of default, and after notice thereof and opportunity but failure to cure or commence to cure as set forth above, the Lease shall be terminated and the Lessee shall become a tenant at will for the conduct of operations on the Leased Premises. If evicted, Lessee agrees to surrender possession of the Leased Premises, or of the portion of the Leased Premises included in such termination. If Lessee should fail to deliver documents reflecting termination or expiration of this Lease or if Lessee fails to surrender possession of the Leased Premises as required under this Lease, Lessor may institute proceedings necessary to clear title or to take possession, and in that event, in addition to all other relief that may be granted to Lessor, Lessor shall be entitled to recover against Lessee all attorney fees, investigation charges, court costs and expert fees thus expended by Lessor.

(d) **Other Remedies.** Upon default by Lessee, Lessor shall be entitled to exercise any and all remedies available at law, in equity or otherwise, each such remedy being considered cumulative. No single exercise of any remedy set forth herein shall be deemed an election to forego any other remedy.

ARTICLE III. PAYMENT TO LESSOR

1. **Bonus Payment**

Lessee agrees to pay Lessor a signing bonus of Three Thousand Five Hundred Dollars (\$3,500.00) for each net acre contained within the Leased Premises (effectively \$700.00 per acre per year for the Primary Term). The bonus payment shall be paid to Lessor within ninety (90) days following the date Lessee signs this Lease, subject to Lessee's determination that title to the Leased Premises is acceptable to Lessee in accordance with standards previously agreed to by the parties ("Due Diligence"). By Lessor's signing this Lease, Lessor promises to proceed with this Lease and be bound thereby, conditioned only upon Lessee's paying the full amount of the bonus payment (subject to the reduction for title failure) within ninety calendar day period. A Memorandum of Lease shall be recorded upon issuance of the full bonus payment. All bonus payments, rentals and royalty payments made to Lessor under this Lease are non-refundable. Failure by Lessee to pay the bonus payment within the time described herein shall render this Lease null and void.

2. **Royalty Payment**

(a) **Percentage.** The royalties payable to the Lessor under this Lease shall be on a well by well basis. As to each and every well completed as a producer of oil and/or gas on the Leased Premises or on lands pooled therewith, the royalties paid to Lessor shall be Twenty percent (20%) of all the oil, gas and casinghead gas and casinghead gasoline removed or recovered from the Leased Premises or, at Lessor's option (which shall be presumed to be exercised unless

Lessor advises Lessee to the contrary prior to any applicable production month) the Gross Proceeds (as hereinafter defined in paragraph (d) of the total gross production attributable to the applicable well.

(b) Determination of Royalty Amount

Lessee covenants and agrees:

(i) To sell and execute division orders for the sale of all oil, condensate, casinghead gasoline and liquid hydrocarbons produced and saved by Lessee from the Leased Premises, including Lessor's share with Lessee's share and shall pay Lessor royalty (in accordance with paragraph (a) above), where applicable, based on the Gross Proceeds paid to Lessee from the sale. From time to time, at the option of Lessor, to deliver or cause to be delivered to the credit of Lessor, in the pipeline or tanks to which Lessee may connect its wells, percentages (in accordance with paragraph (a) above) of all oil, condensate, casinghead gasoline and liquid hydrocarbons produced and saved from the Leased Premises;

(ii) To pay Lessor on gas and casinghead gas produced from the Leased Premises, percentages of proceeds (in accordance with paragraph (a) above) based on:

(1) the Gross Proceeds paid to Lessee from the sale of such gas and casinghead gas when sold by Lessee in an arms-length sale to an unaffiliated third party, or if sold to an affiliate, the price upon which such gas and casinghead gas was sold so long as such price is not less than that which would be received from a sale to an unaffiliated third party in an arms length transaction considering the volume available, quality, location and length of term of the proposed sale; or,

(2) the market value at the point of use, when used by Lessee.

(iii) To pay Lessor on all other byproducts and/or constituents sold or utilized by Lessee from the Leased Premises, in accordance with paragraph (a), the percentages of the Gross Proceeds received by Lessee.

(c) Affiliates. For purposes of this Lease, an "Affiliate of Lessee" is any corporation, firm or other entity in which Lessee, or any parent company, subsidiary or affiliate of Lessee, owns an interest of more than ten percent (10%) whether by stock ownership or otherwise, or over which Lessee or any parent company or Affiliate of Lessee exercises any degree of control, directly or indirectly, by ownership, interlocking directorate, or in any other manner; and any corporation, firm or other entity which owns any interest in Lessee, whether by stock ownership or otherwise, or which exercises any degree of control, directly or indirectly, over Lessee, by stock ownership, interlocking directorate, or in any other manner.

(d) Gross Proceeds. For purposes of this Lease, "Gross Proceeds" means the total consideration paid for the sale of oil, gas, casinghead gas, casinghead gasoline, associated hydrocarbons, and marketable by-products, produced from the Leased Premises or payments for future production or delivery of production at a future time, or sums paid to compromise claims relating to payment obligations associated with the sale of oil, gas, casinghead gas, casinghead gasoline, associated hydrocarbons, and marketable by-products with the following exceptions:

(i) If gas produced from the Leased Premises is processed for the recovery of liquefiable hydrocarbon products prior to sale, and if such processing plant is not owned by Lessee or any Affiliate of Lessee, Lessor's royalty shall be calculated based upon the consideration paid to Lessee from Lessee's sale of such liquefiable hydrocarbons and residue gas.

(ii) If gas produced from the Leased Premises is processed for the recovery of liquefiable hydrocarbon products prior to sale, and if such processing plant is owned by Lessee or any Affiliate of Lessee, the price upon which royalty shall be based shall not be less than that which would be obtained from an unaffiliated third party processor in an arms length transaction involving similar gas volumes, quality, location and length of term of the contract.

(iii) If oil or gas production from the Leased Premises is produced in a plant for the extraction of gasoline, hydrocarbons or other products, the value of the Gross Production shall, for purposes of determining royalty due, never be less than if such gas had not been processed.

(iv) Lessee shall pay to the Lessor royalty at the applicable royalty rate (paragraph (a)) on any monetary settlement received by Lessee from any breach of contract by Lessee's purchaser relating to the marketing, pricing, or taking of oil or gas production from the Leased Premises.

(e) Costs of Production. Lessee shall place oil and gas produced from the Leased Premises in marketable condition and shall market same as agent for Lessor. Except as expressly provided in (d) above, Lessor's royalty shall not be charged directly or indirectly with any expense required to make gas marketable, including but not limited to the following: expenses of production, gathering, dehydration, compression, manufacturing, processing, treating, transporting or marketing of gas, oil, or any liquefiable hydrocarbons extracted therefrom.

(f) When Royalties Must Be Paid. All royalties that may become due hereunder shall commence to be paid on the first well completed on the Leased Premises within one hundred-twenty (120) days after the first day of the month following the month during which any well is completed and commences production into a pipeline or oil into transport for sale of such production. On each subsequent well, royalty payments must commence within ninety (90) days after the first day of the month following the month during which any well is completed and commences production into a pipeline for sale or oil into transport of such production. Thereafter, all royalties on oil shall be paid to Lessor on or before the last day of the second month following the month of production, and all royalties on gas shall be paid to Lessor on or before the last day of the third month following the month of production. Royalties not paid when due shall bear interest at the prime rate as published by the Wall Street Journal as of the date payment is first due, plus five percent (5%) per annum.

(g) Delinquency in Payment. If royalty is not paid by the date due, Lessor may give Lessee written notice of nonpayment of royalty, by certified mail, return receipt requested, and if Lessor's royalty is not paid on or before expiration of forty-five (45) days after Lessee's receipt of such notice, interest shall commence accruing on the due date and be payable by Lessee to Lessor on the delinquent balance at the rate of five percent (5%) per annum above prime interest rate (as defined above). However, Lessee may avoid any interest obligation if prior to the expiration of such forty-five (45) days Lessor is furnished an attorney's written opinion citing a bona fide dispute or a good faith question of royalty entitlement (either as to ownership or as to amount), Lessee pays to Lessor the undisputed portion and Lessee pays the disputed royalty to an escrow account to be administered by a trustee agreed to by both parties or by the American Arbitration Association, if such trustee cannot be found. If practical, such escrow funds shall be invested in interest-bearing accounts pending resolution of the entitlement issue, with the interest to follow the distribution of escrow.

(h) Split Royalties. If, by reason of assignments of undivided interests in Lessee's interest in this lease, more than one party becomes entitled to a portion of Lessee's share of gas produced from any well on the Leased Premises, and if any or all of such co-owners elect to take their share of gas in kind, resulting in split-stream deliveries of gas to different purchasers, Lessor shall be entitled, at Lessor's election, to require the operator of the Leased Premises to pay and account to Lessor for all royalties due on gas production from the well or wells from which split-stream deliveries are being made, so that Lessor shall not be required to receive royalties from more than one (1) purchaser or party on the same gas stream. If Lessor exercises such election, the operator of the Leased Premises (or of that portion of the Leased Premises upon which the split-stream production is located) shall pay to Lessor all royalties due on such gas production and shall provide production statements from all purchasers of such gas showing the amounts sold and the price paid therefore, with any applicable adjustments. Such election, if made, shall not relieve any party otherwise liable for payment of royalties from such liability, and all parties owning an undivided interest in all or any portion of the Leased Premises shall be and remain jointly and severally liable for the payment of all royalties due on production therefrom.

3. Audit Rights

Lessee grants to Lessor or Lessor's designee the right at Lessor's expense, to examine, audit, copy or inspect books, records, and accounts of Lessee pertinent to the audit purpose of verifying the accuracy of the reports and statements furnished to Lessor, and for checking the amount of payments lawfully due to Lessor under the terms of this agreement. In exercising this right, Lessor shall give reasonable notice to Lessee of its intended audit and such audit shall be conducted during normal business hours at the office of Lessee at the sole cost and expense of Lessor. Lessor shall not have the right to audit more than once every twelve (12) month period. However, if the amount of exceptions or deficiencies in royalty payments revealed by the audit equal or exceed 125% of the cost and expense of the audit, then the Lessee shall bear the cost and expense of the audit and all monies due as a result of the audit findings

(audit exceptions, costs, and expenses) shall be payable within 30 days of the final determination of the amounts due.

4. **Security Interest**

Lessor hereby retains a security interest in (a) the portion of the oil and gas produced and saved from the Leased Premises or lands pooled therewith associated with the royalty payments due under and pursuant to this Lease, and (b) the portion of the proceeds of sale of such oil and gas and all accounts arising therefrom associated with the royalty payments due under and pursuant to this Lease (the "Collateral"), to secure Lessee's payment of royalties and compliance with the other terms and provisions of this Lease. In the event of default by Lessee, Lessor shall have the right to take possession of the Collateral, and to receive the proceeds attributable thereto and to hold same as security for Lessee's obligations or to apply it on the amounts owing to Lessor hereunder. The collateral includes oil, casinghead gas, casinghead gasoline, condensate, distillate, gas and natural gas liquids, including any hydrocarbon or non-hydrocarbon minerals or products that may be associated with oil or gas to be financed at the wellhead of the wells and accounts from the sale thereof. This Lease, or memorandum thereof, (which shall contain the provisions of this paragraph) when filed in the real property records where the Leased Premises are located, shall constitute a financing statement. Additionally, Lessee agrees to cooperate with any UCC-1 filing requested by the Lessor.

5. **Payment to Lessor in Lieu of Free Gas**

In the event any well is drilled upon the Leased Premises or any portion thereof, and the Lessor is the owner of the surface where the well is located, Lessee shall pay annually to Lessor in lieu of any right to free gas a sum equal to the value of the first three hundred fifty thousand (350,000) cubic feet of natural gas produced from each such well, up to a maximum of four (4) wells. Said amount shall be paid in quarterly installments, with the value based upon the prior twelve (12) months average price received by Lessee for gas sold from the Leased Premises, as of January 1 of each calendar year in which the payments are made.

6. **Shut-In and Minimum Royalties.**

(a) **Payment Amount.** If all wells on the Leased Premises capable of producing gas or gas and condensate in paying quantities, are shut-in for any reason and neither gas nor condensate is sold or used off the Leased Premises (which wells are herein sometimes called a "shut-in" gas well), for longer than sixty (60) consecutive days, Lessee shall pay or tender to Lessor, as shut-in gas well royalty, a yearly sum (payable quarterly or at the end of the shut-in period, whichever first occurs) equal to Twenty-Five and 00/100 Dollars (\$25.00), indexed to the Producers Price Index for All Commodities issued for the anniversary month by the U.S. Department of Labor, Bureau of Labor Statistics, and recalculated every five (5) years thereafter, multiplied by the number of acres subject to this Lease at the time such payment is made. The first such payment of shut-in gas well royalty is to be made on or before thirty (30) days after the end of the above referenced sixty (60) day period. Succeeding payments may be made annually thereafter on or before the anniversary of the due date of such payment. Notwithstanding the making of such shut-in gas well royalty payments, Lessee shall be and remain under the continuing obligation to (a) use all reasonable efforts to find a market for said gas and to commence or resume marketing same when a market is available, (b) reasonably develop the lands then subject to this Lease, and (c) drill all such wells on the lands then subject to this lease as may be reasonably necessary to protect same from drainage by wells on adjoining or adjacent lands.

(b) **Limited Duration.** After expiration of the Primary Term, or extension thereof, the portion of the Leased Premises being held by the Lessee solely by the payment of shut-in royalty, shall be released after a period of thirty-six (36) consecutive months or a cumulative total of forty-eight (48) months, unless given written consent by the Lessor to continue the well to be shut-in.

7. **Sitting/Spud Fee**

Lessee shall pay to Lessor in consideration for damages to the Leased Premises the sum of Thirty Thousand Dollars (\$30,000.00) prior to commencement of drilling of any well on the Leased Premises, such payment to be considered a "pad" payment. A "pad" for purposes hereof is defined as a preparation designed to facilitate one or more wells in a concentrated surface area not to exceed five (5) acres. If Lessee should locate more than one pad on the Leased Premises, a separate pad payment shall be paid for each pad. Lessee shall not be required to pay any separate per-well payment for additional wells drilled in sequence after the completion of drilling the initial well on a pad. In the event Lessee reclaims the well location pad after drilling the initial well or group of wells as the case may be, and then at any time thereafter returns to the pad for the purpose of drilling an additional well or wells on that pad, Lessee

shall pay to Lessor an additional full pad payment. Furthermore, upon prior separate written consent and agreement of Lessor, Lessee shall pay Lessor an amount of at least Ten Thousand Dollars (\$10,000.00) for each post-drilling pit, pond or other in-ground containment excavation in which fluids or liquids pertaining to and involved with operations are to be stored (other than drilling pits) located on the Leased Premises.

8. **Ad Valorem Taxes**

Lessee shall pay all Ad Valorem taxes or assessment of Lease Products or Lease Product reserves made by any local, state or federal entity or governmental unit attributable to, or resulting from the assessment of Lease Products from the Leased Premises regardless of the percentage of royalty paid to Lessor. Lessee shall, in addition, pay any and all severance taxes or other excise taxes arising out of or relating to this Lease and/or the Lease Products.

9. **Property Taxes**

In the event real property taxes pertaining to or attributable to the Leased Premises are increased in any manner by reason of the operations of Lessee on the Leased Premises, including, but not limited to any structures or improvements constructed on the Leased Premises, Lessee shall be responsible for the amount of any such tax increase attributable to such operations or improvements. Lessee shall reimburse Lessor for the amount of such increase within thirty (30) days after Lessor provides Lessee with written documentation reflecting such increase and the basis thereof.

10. **Agricultural Programs**

In the event the Leased Premises is subject to any federal, state, local and/or agricultural assistance program (CAUV, CRP or Forest Land Program, including any interest and penalties thereon), and any roll-back or reimbursement or recoupment or retroactive assessment is made against the Leased Premises on account of, arising out of, or relating to the operations of Lessee on the Leased Premises, Lessee shall be responsible for paying any and all of such amounts, but only insofar as such amounts imposed result from operations on the portion of the Leased Premises actually utilized in Lessee's operations. Lessee shall reimburse Lessor for the amount of such increase within thirty (30) days after Lessor provides Lessee with written documentation reflecting such increase and the basis thereof.

11. **Method of Payments**

All rents and royalties (except payment by gas in kind at the election of Lessor as may be provided herein) and any and all sums due hereunder from Lessee to Lessor shall be paid at the option of Lessee by one of the following methods:

(a) By check tendered directly from Lessee to Lessor at Lessor's address as stated in this Lease.

(b) As soon as Lessee is capable, and upon written election by Lessor, by direct deposit by depositing the payment to the credit of the Lessor in the bank and account number as provided in writing by Lessor to Lessee prior to such payment (which bank shall continue as depository for all sums payable hereunder until any subsequent written notice otherwise is provided by Lessor to Lessee).

No payment not timely made or not made in the correct amount shall constitute a waiver by Lessor of any rights or remedies of Lessor under this Lease. A payment submitted electronically shall be considered timely paid if such payment is successfully transmitted to Lessor's account on or before the due date. A payment not submitted electronically shall be considered timely paid if delivered to the Lessor on or before the applicable due date or if deposited in a postpaid, properly addressed wrapper with a post office or official depository marked as so deposited by the United States postal service before the applicable due date.

12. **Due Date**

Any payment hereunder from Lessee to Lessor as required under this Lease (such as royalty payments or shut-in fee) shall unless otherwise specifically provided in this Lease be paid within thirty (30) calendar days following the end of the month or annual period which constitutes the period of time on which the payment is based.

13. **Default**

Failure of Lessee to timely pay Lessor any amounts required under this Lease shall be deemed a default by Lessee.

ARTICLE IV. TITLE ISSUES

1. Lessor's Representation Regarding Title to Leased Premises

Lessor makes no representation or warranty as to Lessor's title to the Leased Premises other than that Lessor warrants and represents that Lessor is not aware of any unrecorded encumbrances, or encroachments or conditions affecting title to the Leased Premises other than those that would be observed on a location survey. It shall be Lessee's burden and obligation to assure itself of the quality of title to the Leased Premises. Upon this Lease taking effect (thus upon Lessor's receipt of the bonus payment), to the extent Lessee's obligations under this Lease are diminished or affected by any title encumbrance on the Leased Premises, including but not limited to any mineral lease or mortgage of record that existed as of the date this Lease became effective, provided however, in the event that by operation of law Lessee is no longer afforded protection under Ohio Revised Code Section 1509.31(D), then Lessee shall have a right to demand Lessor obtain a subordination from the mortgage holder and/or Lessee shall: (i) be afforded the right to pay proceeds payable to Lessor under this Lease to the mortgagee; and/or (ii) make payment in full for amounts due mortgagee in the event Lessor defaults in its payments to mortgagee, and deduct such amounts from future payments payable to Lessor pursuant to this Lease.

2. Lessor Encumbrances After Lease Effective

Any mortgage, lease, easement, or other interest granted by Lessor voluntarily after this Lease becomes effective shall be subject to this Lease. In the event Lessor should become in default of any obligation of Lessor that is secured by any lien or encumbrance on the Leased Premises during the term of this Lease, Lessee may, at its option, pay and discharge any such obligation on behalf of Lessor after Lessee gives Lessor at least thirty (30) calendar days prior written notice of such intention to pay, and if, after Lessor's receipt of such notice, Lessor makes no arrangement otherwise to address the amount in default. Should Lessee make such payment on behalf of Lessor, or by any other lawful means, Lessee shall, in addition to any other legal remedies, be entitled to recover from Lessor by deduction from any future payments to Lessor, with interest at Ohio's legal rate for judgments and amounts actually paid by Lessee for such obligations.

3. Liens against Lessee

In the event any lien or encumbrance (except and not including any lien or encumbrance in the nature of a security interest conveyed by Lessee for purposes of financing operations on the Leased Premises) is filed against the Leased Premises out of or pertaining to the operations by Lessee, Lessee shall within forty-five (45) calendar days following the date such lien or encumbrance is recorded cause such lien or encumbrance to be released from record, and Lessee shall provide Lessor written evidence of such release. Lessee's contention that the lien or encumbrance arises from a bona fide dispute shall not be grounds for Lessee's failure or refusal to remove the lien or encumbrance as required herein.

ARTICLE V. IMPACTS AND EFFECTS

1. Surface Issues

The following provisions shall apply under this Lease:

(a) Compliance with Laws. Lessee shall be responsible for any and all acts or matters arising out of or pertaining to Lessee's operations on the Leased Premises whether reasonably foreseen or unforeseen. All operations conducted by Lessee shall comply with federal, state and local law, statute, regulation and/or order, and the terms of this Lease, whichever is more strict. Lessee's failure to comply with any federal, state or local law or any regulation or order of any enforcement agency having jurisdiction over Lessee's operations shall be a default under this Lease.

(b) Degree of Care. Lessee shall at all times use the highest degree of care utilized in the industry in the region where the Leased Premises is located (such region including Ohio, Pennsylvania and West Virginia), and use all reasonable care and safeguards to prevent its operations from:

- (i) causing or contributing to soil erosion;
- (ii) polluting or contaminating any environmental medium including the surface or subterranean soils and/or waters and ambient atmosphere in, on, under, or about the Leased Premises and surrounding properties;
- (iii) decreasing the fertility of the soil;
- (iv) damaging crops, native or cultivated grasses, trees, or pastures;

(v) harming or in any way injuring animals, whether domestic or wild on the Leased Premises;

(vi) damaging buildings, roads, structures, improvements, farm implements, gates or fences.

(vii) Lessee shall dispose of salt water, frac water or liquid waste oil and other waste in accordance with the rules and regulations of the Ohio Department of Natural Resources and all other applicable governmental authorities.

(viii) Lessee shall clean up, remove, remedy and repair any soil or ground water contamination and damage caused by Lessee or release of any contaminant in, on, under, or about the Leased Premises, whether or not caused by the negligence of Lessee. Lessee shall pay to any person beneficially interested in the harmed object all damages caused by Lessee's operations.

(c) Disposal. Lessee shall not use the Leased Premises for the permanent disposal of any drill cuttings, or the storage or disposal of residual wastes. No disposal wells or any other devices or means of disposal of wastes or drilling liquids are permitted on the Leased Premises.

(d) No Gas Storage. Lessee shall have no right to use the Leased Premises or any portion thereof, surface or subsurface, for gas, oil, or brine storage purposes.

(e) Replace Barriers and Drain Tile. Lessee shall promptly replace any barriers, including but not limited to fences, gates and walls removed by Lessee during its operations on the Leased Premises. Lessee shall construct gates on all access roads upon written request from Lessor, and provide an access key or double lock system allowing access by both Lessor and Lessee. Gates are to be closed and locked when Lessee personnel are not on the Leased Premises. Lessee shall promptly replace any drain tile removed or damaged by Lessee during its operations.

(f) Timber. Lessee shall notify Lessor in writing at least forty-five (45) calendar days prior to any removal by Lessee of marketable timber (marketability to be within the discretion of Lessor). At Lessor's option, Lessor may choose to harvest timber, or Lessor may require an appraisal of the timber by a qualified independent appraiser, at Lessee's expense, and Lessee shall pay Lessor the appraised value for the timber identified prior to its removal by Lessee.

(g) Use of Surface or Subsurface Water. Lessee is not permitted to use water from Lessor's surface wells, ponds, lakes, springs, creeks, water courses or reservoirs on the Leased Premises without prior written consent and agreement with Lessor, separate from this Lease. Lessee shall not drill or operate any water well, take water, or inject any substance into the subsurface, or otherwise use or affect water in subsurface water formations.

(h) Crops. Lessee will plan its surface operations in a manner that will reduce or minimize intrusion into crop fields. In the event such an intrusion cannot be avoided, Lessee shall compensate Lessor for the damage or loss of growing crops at current market value.

(i) Fencing by Lessee.

Lessee shall

(i) fence all wells and well sites, tank batteries, pits, separators, drip stations, pump engines, and other equipment placed on the Leased Premises with a fence capable of turning livestock;

(ii) keep such fences in good repair; and

(iii) keep all gates and fences closed at all times, or in lieu of gates, install cattle guards.

(j) Pipelines and Excavations.

The top of any pipelines installed in Lessee's operations shall be a minimum of forty-eight (48) inches from the surface where practical in areas subject to agricultural cultivation, and below local freeze levels in any event. Lessee shall utilize a double ditch method for construction of pipelines as well as any other excavation (such as drilling pits) on the Leased Premises, in which topsoil is segregated from subsoil, and when the excavation is backfilled, the subsoil is replaced first and the topsoil is placed on the top. Lessor shall have the right, subject to forty-five (45) days advance notice to Lessee, to construct and lay drainage and other utility pipes, wires, and lines across or under Lessee pipelines in a manner which does not interfere with Lessee's use thereof and Lessor's construction of which strictly complies with Lessee's construction and safety standards.

(k) Roads. Roadways or drives constructed by Lessee on the Leased Premises during active drilling or development phases shall not exceed fifty (50) feet in width, or a minimum width required to perform required operations without prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. In the event of a producing well on the Leased Premises, any permanent access road for well servicing purposes shall be a maximum width of twenty (20) feet, or a minimum width required to perform maintenance and other operations without prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed.

Lessee agrees to construct or maintain all roads used by it in good repair utilizing shale, gravel, or crushed stone, culverts, and supports as necessary to provide normal use under all reasonable weather conditions, and when such roads are no longer being used, Lessee agrees upon Lessor's request, to remove toppings and to restore the surface as nearly as possible to its former condition. Lessee shall not use shale, gravel or crushed stone from the Leased Premises without the prior written consent of Lessor. Lessee shall prevent its employees, agents and contractors from operating vehicles in a negligent manner or at speeds in excess of 25 miles per hour while on the Leased Premises.

(l) Utilities. Lessee's rights hereunder may include burying or otherwise constructing necessary phone, electric, and data collection lines on the Leased Premises in connection with production from the Leased Premises, but such rights may not be assigned to a utility company, pipeline company, or anyone else who owns no interest in the Leased Premises or is otherwise not contracted or affiliated with Lessee for the purpose of carrying out the rights and obligations under this Lease. The right to use said pipelines terminates when production from the Leased Premises ceases and all wells associated therewith are plugged and abandoned.

(m) Restoration of Leased Premises. On completion of any operations on the Leased Premises, Lessee shall restore the Leased Premises to as near as practical the pre-drilling conditions, remove all debris, equipment and personal property which Lessee placed on the Leased Premises (except for equipment needed for the operation of producing wells, which shall be removed within six (6) months after a well permanently ceases to produce). For purposes hereof, "completion of operations" shall mean the completion of drilling operations, including initial stimulation, as to equipment and facilities relating to drilling, including any associated pits, tanks (or other excavations or facilities no longer needed for production), or in the event of a dry hole, all such facilities. Lessee shall keep the Leased Premises in a neat and clean condition. "Completion of operations" with respect to a multi-well pad shall not occur until the last well drilled from the pad has been completed.

(n) Hazardous Materials. Lessee shall not use, dispose of or release on the Leased Premises or permit to exist or to be used, disposed of or released on the Leased Premises as a result of its operations any substances (other than those Lessee has been licensed or permitted by applicable public authorities to use on the Leased Premises) which are defined as "hazardous materials", "toxic substances" or "solid wastes" in federal, state or local laws, statutes or ordinances. Should any pollutant, hazardous material, toxic substances, contaminated waste or solid waste be accidentally released on the Leased Premises, Lessee shall notify Lessor immediately after notifying the applicable governmental body of such event. Lessee shall be responsible for and timely pay all costs of clean-up, remediation, and other costs related to and arising from the event, including but not limited to penalties.

(o) Firewalling and Maintenance of Production Equipment. Dikes, firewalls or other methods of secondary containment must be constructed and maintained at all times around all tanks, separators and receptacles so as to contain a volume of liquid equal to at least 1.25 times the total volume of such tanks, separators and other receptacles located within the boundaries of the firewall. Lessee shall keep all tanks and other equipment at each well location painted, and shall keep the well site and all roads leading thereto free of noxious weeds and debris.

(p) Pits. Lessee shall have no right to dig any pits other than drilling pits (not storage pits) on the Leased Premises except with Lessor's prior written consent. Any pit so permitted shall: (i) conform to all applicable regulatory requirements (state, local and federal), (ii) be planned to be deep enough to allow at least thirty-six (36) inches of back fill over the liner after grading to surrounding pre-drill contour and (iii) promptly after completion of operations any backfill and the liners shall be removed and the pits shall be drained, prepared for burial, back filled, graded and planted within ninety (90) days (weather permitting). Lessee shall immediately notify Lessor and all applicable regulatory authorities if any pit lining is torn, punctured, or

otherwise breached, allowing any fluid contained in a pit or designated to be contained in a pit to seep, leak or overflow through or around the liner.

(q) Mutual Agreement as to Location of Operations. Before commencing surface disturbing operations on the Leased Premises, Lessee and Lessor shall mutually agree in writing on the location of all wells, roads, pipelines, gates, and other equipment so as to minimize disruption of Lessor's use of the Leased Premises. To the degree practicable, operations shall be designed and laid out to be concentrated in a single area so as to avoid unnecessary utilization of surface areas. To the degree practicable, pipelines and roadways are to be within the same corridor. Lessor's agreement shall not be unreasonably withheld, conditioned or delayed assuming the preceding standards are followed. Without a separate written agreement between Lessor and Lessee, no pump stations, tank batteries, pipelines, dryers or separators shall be located on the Leased Premises unless they are for the sole purpose of transporting, processing or treating gas from the Leased Premises or lands pooled or unitized therewith, and those shall not be located nearer than, (and no well shall be drilled nearer than) five hundred (500) feet from any dwelling or residential structure or three hundred (300) feet from any barn or other non-residential structure then on the Leased Premises without the Lessor's written consent. There shall be no compressors located on the Leased Premises, except those for the sole purpose of compressing gas from the Leased Premises and lands pooled therewith, without a prior separate written agreement with Lessor. Any compressor operations permitted hereby shall be designed and installed utilizing means to minimize noise, including but not limited to, sound enclosures and barriers, and electrical motors if reasonably possible.

2. Water Quality

Lessee shall maintain the quality and quantity of Lessor's water supply to be measured by testing any supply within 1,500 feet of Lessee's proposed well, pit, pond, roadway, pipeline, pumping or processing facilities, or other facilities installed by Lessee prior to and at the completion of drilling or other operations on the Leased Premises or on any land in the unit of which any of the Leased Premises is a part and as deemed necessary by Lessor due to changes in flow (subject to natural seasonal variations) or quality, including but not limited to color, smell or taste. Should Lessor's water supply be polluted or reduced as a result of Lessee's operations, Lessee shall take any and all steps to restore water quality and quantity to its pre-existing condition or fully compensate Lessor for the damage and inconvenience caused thereby. During the period of remediation, Lessee shall supply Lessor with an adequate supply of potable water consistent with Lessor's use of the damaged water supply prior to Lessee's operation. Any pollution or reduction of any water supply after any operations commence will be presumed to be the result of Lessee's operation unless Lessee can prove otherwise, with Lessee having the burden of proof by a preponderance of the evidence. Until Lessee can prove otherwise as to cause, Lessee shall provide the required replacement supply, beginning immediately upon Lessor's providing evidence to Lessee of the water quality and quantity condition causing concern.

Testing of Lessor's water supply shall be conducted by an independent testing laboratory approved in writing by Lessor qualified to test water for the entire array of chemicals and agents utilized by Lessee in its operations. Lessor's approval shall not be unreasonably withheld, conditioned or delayed so long as the testing laboratory is so qualified, and is not an Affiliate as defined in Article III, Section (3)(c) of this Lease. The burden shall be upon Lessee to provide evidence of all such chemicals and agents in order for the testing agent to adequately test the water. Lessee shall pay all costs of testing. Lessor shall be provided complete copies of any and all testing results and data, and shall have full rights to contact the testing lab for inquiry and information.

3. Notice to Drill

Lessee shall provide at least ten (10) calendar days prior written notice to Lessor before Lessee commences any actual drilling (bit in the ground) on the Leased Premises.

ARTICLE VI. LIABILITY ISSUES

1. Indemnity

Lessee agrees to defend, indemnify and hold harmless Lessor and Lessor's heirs, successors, representatives, agents and assigns ("Indemnitees"), from and against any and all claims, demands and causes of action for injury (including death) or damage to persons or property or fines or penalties, or environmental matters arising out of, incidental to or resulting from the operations of or for Lessee or Lessee's servants, agents, employees, guests, licensees, invitees or independent contractors, and from and against all costs and expenses incurred by Indemnitees by reason of any such claim or claims, including attorneys' fees; and each assignee of this Lease, or an interest therein, agrees to indemnify and hold harmless Indemnitees in the same manner provided above. Such indemnity shall apply to any claim arising out of operations conducted under or pursuant to this Lease, however caused and whether based

upon negligence, contract, statute, strict liability or other grounds or reasons, provided, however, such indemnity shall not apply to claims arising out of the negligence of Lessor, Lessor's guests or invitees not arising out of, incidental to, or resulting from, the operations of or for Lessee.

2. **Insurance**

(a) A company licensed by the Ohio Department of Insurance to do business in the state shall underwrite all policies required by this Lease. Provided however, such insurance requirements may be met by a combination of self-insurance, primary and excess insurance policies.

(b) Lessee shall assure that Lessee and any person acting on Lessee's behalf under this Lease carries the following insurance with one or more insurance carriers at any and all times such party or person is on or about the Leased Premises or acting pursuant to this Lease, in such amounts as from time to time reasonably required by Lessor.

- (i) Workers Compensation and Employer's Liability Insurance;
- (ii) Commercial General Liability and Umbrella Liability Insurance; (\$5,000,000.00 Minimum coverage)
- (iii) Business auto and Umbrella Liability Insurance; (\$5,000,000.00 Minimum coverage)
- (iv) Environmental Liability; (\$5,000,000.00 Minimum coverage)

Within six (6) months of the five (5) year anniversary date of this Lease and each subsequent fifth (5th) anniversary, Lessor may request in writing and Lessee shall agree to institute new insurance amounts based on the original insurance amounts indexed to the Producers Price Index for All Commodities, issued for the anniversary month by the U.S. Department of Labor, Bureau of Labor Statistics. Should such index be discontinued and/or replaced, a conversion to a substitute or replacement index shall be accomplished using normally accepted conversion factors. Such adjusted amounts shall be rounded off to the nearest Thousand Dollar (\$1,000) amount. Failure of Lessor to request an adjustment for any five (5) year period shall not preclude a full adjustment at a subsequent five (5) year anniversary if requested.

The Lessee shall cause Certificates of Insurance evidencing the above coverage to be provided promptly upon request to Lessor, or to such other representative of Lessor as Lessor may from time to time designate. The insurance policies required under this section, shall cover the Lessor as additional insureds with regard to the Leased Premises, and shall reflect that the insurer has waived any right of subrogation against the Lessor. Failure to comply with this Insurance section shall be basis of default and all operations on the Leased Premises shall cease immediately.

ARTICLE VII. OTHER MATTERS

1. **Arbitration**

Any questions concerning this Lease or performance thereunder shall be ascertained and determined by three disinterested arbitrators, one thereof to be appointed by the Lessor, one by the Lessee and the third by the two so appointed, and the majority vote award of such collective group shall be final and conclusive. In the event that the two appointees of Lessor and Lessee cannot agree upon the third, the parties shall thereupon submit to the rules and procedures of the American Arbitration Association. Arbitration proceedings shall be conducted at the county seat of the county where the leased property is located or such other place as the parties to such arbitration shall all mutually agree. Each party shall pay its own arbitrator and the costs of the third arbitrator (umpire) shall be borne equally. The determination rendered by the arbitrators may be entered in the court of general jurisdiction in the county where the Leased Premises is located.

Either party may apply to the arbitrators seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this agreement, seek from the court of general jurisdiction in the county where the Leased Premises is located any interim or provisional relief that is necessary to protect the rights of property of that party, pending the establishment of the arbitration tribunal and its decision.

The arbitrators shall consider dispute issues in accordance with and subject to the terms of this Lease.

2. **Force Majeure**

Should Lessee be prevented from complying with any express or implied covenant of this Lease (except payment of money), from conducting drilling (including fracturing) or reworking operations thereon or from producing oil and gas therefrom by reason of inability to obtain or to use equipment or material, or by operation of force majeure, any federal or state law or any order, rule or regulation of governmental authority (“force majeure event”), then while so prevented Lessee’s obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by any such force majeure event from conducting drilling or reworking operations on or from producing oil or gas from the Leased Premises. The period of extension by reason of force majeure shall be limited to a cumulative total of forty-eight (48) months. Any delay beyond one hundred twenty (120) days from the date of application to obtain any required permit to drill, complete or re-work a well shall be grounds to invoke force majeure until the permit is granted. If this Lease is subject matter of any lawsuit, arbitration proceeding or action, and Lessee is ordered therein to forego or suspend its operations on the Leased Premises, or Lessee in its discretion foregoes or suspends operations solely by reason of such lawsuit, proceeding or action, then this Lease shall not expire during the pendency of such lawsuit, proceeding or action, or any appeal thereof, and the period of the lawsuit, arbitration proceeding or action, or any appeal thereof, shall be added to the term of this Lease.

3. **Governing Law**

This Lease shall be governed in accordance with the laws of the State of Ohio.

4. **Due Diligence**

If oil or gas is discovered on the Leased Premises, Lessee shall develop the Leased Premises as a reasonable and prudent operator and exercise due diligence in drilling such additional well or wells as may be necessary to fully develop the Leased Premises. Lessee shall protect the oil and gas in and under the Leased Premises from drainage by wells on adjoining or adjacent tracts or leases, including those held by Lessee or any affiliate of Lessee.

5. **Notices**

Notices, consents, or other documents required or permitted by this Lease must be given by personal delivery, facsimile, reputable overnight courier (Federal Express or other), or sent by USPS registered or certified mail, return receipt requested, and postage paid. For purposes of notice, Lessor’s information is as follows:

Name _____
Address _____
Phone No. _____

Lessee’s information is as follows:

Name Mary Ann Fox, Vice President, Land
Address 366 Walker Dr.
State College, PA 16801
Fax No. (814) 278-7286

Either party’s notice information may be changed upon prior written notice delivered to the other party.

Lessee shall designate a person who will be a point of contact for Lessor. Lessee shall provide Lessor such person’s name, address, telephone number, email address, and facsimile number. Such person shall be knowledgeable as to operations on the Lease, and have sufficient authority from Lessee to reasonably respond and address Lessor concerns.

6. **Reports and Documents**

Upon Lessor’s written request, Lessee shall furnish Lessor copies of all title opinions covering the Leased Premises and promptly upon receipt by Lessee, notify Lessor of any judicial proceedings brought to the attention of Lessee affecting its position and rights under the Lease or the interest of Lessor in the Leased Premises as well as copies of all filings, statements, and reports made by Lessee with the Ohio Department of Natural Resources or other government agency pertinent to drilling, completing and equipping wells. Upon Lessor’s written request, Lessee shall provide to the Lessor information relevant to the production, use, transfer, disposal and sale from wells on the Leased Premises or lands pooled or unitized therewith. Such production information shall be strictly confidential and Lessor agrees to not provide any such information to any party without prior written consent of Lessee. Lessor shall have the right to inspect, audit Article III, Section 3 and copy all records of Lessee pertaining

to the production and sale of oil and gas from the Leased Premises and the calculation and payment of Lessor's royalty hereunder. A single written request for the information referred to in this paragraph will require the information to be supplied on a continuing basis until such time as Lessee receives a written request from the Lessor to stop providing such information.

7. **Assignments**

The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any horizon, subject to the written consent of the Lessor. Lessor's consent shall not be unreasonably withheld, conditioned or delayed. Provided, however, that consent from the Lessor shall not be required in the event of an assignment by Lessee: to an affiliate, subsidiary, or internal partner, joint venture partners or in consequence of a merger or amalgamation. All of the covenants, obligations, and considerations of this Lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No assignment by Lessee (or any assignee of Lessee) of all or any part of or interest in this Lease shall relieve Lessee (or any assignee of Lessee) of any liability for breach of any covenant, warranty or other obligation of Lessee hereunder, whether theretofore or thereafter accrued. Each assignee of all or any portion of the rights of Lessee hereunder agrees to be bound by the provisions of this lease to the same extent as if such assignee were an original party to this Lease. Notwithstanding any assignment by Lessee of a segregated portion of this Lease, default by Lessee or any assignee or subassignee of Lessee in any covenant or condition in this Lease shall constitute default as to the entire Lease. Lessee shall notify Lessor of such assignment and furnish Lessor a true copy of any assignment. Until Lessee, or any assignee of Lessee, has given Lessor written notice of the assignment by such Lessee or assignee of Lessee of all its right and interest under this lease, all notices to Lessee hereunder may be given to the Lessee named herein, despite the assignment of part of the Lease. No change or division in the ownership of the Leased Premises, royalties, or other moneys, or any part thereof, howsoever affected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof to Lessee, its successors or assigns, no change or division in the ownership of the Leased Premises or of the royalties or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this Lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successor, or assigns, notice of such change or division, supported by either originals or copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the Lessor, Lessee may nevertheless pay or tender such royalties or other moneys, or part thereof, to Lessor or Lessor's estate.

8. **Authorship**

For the purpose of construction, interpretation, arbitration or adjudication, it shall be deemed that Lessee and Lessor contributed equally to the drafting of this instrument.

9. **Condemnation**

Any and all payments made by a Condemnor on account of a taking by eminent domain shall be the property of Lessor, except to the extent such condemnation or taking diminishes the rights granted Lessee hereunder or if such condemnation or taking reduces or otherwise devalues Lessee's interest in the oil and gas estate. In such event, Lessee shall be necessary party to any condemnation proceeding and shall have a right to independently seek compensation for its rights and interest, subject to applicable law.

10. **Severability**

If any portion of this Lease is held invalid or unenforceable by arbitration or any court of competent jurisdiction, the other provisions of this agreement will remain in full force and effect. Any provision of this agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

11. **No Surface Use**

Lessee agrees that there shall be no use of the surface of the herein described lands without the express written consent of Lessor. Lessor understands and gives consent that, due to directional or horizontal drilling originating from surface entry on a parcel not made a part of this lease, the wellbore may pass through or terminate below the surface of the leased premises and Lessor agrees that Lessee has the right to conduct its operations under the conditions as stated herein.

IN WITNESS WHEREOF, the parties have signed this Lease.

LESSOR:

Name:

WITNESS:

Name:

LESSEE:

WITNESS:

By: Mary Ann Fox
Title: Vice President, Land

State of Ohio

County of Carroll

The foregoing instrument was acknowledged before me this ____ day of _____,
2015 by _____.

_____, Notary

Serial Number: _____

Commonwealth of Pennsylvania

County of Centre

The foregoing instrument was acknowledged before me this ____ day of _____, 2015 by
Mary Ann Fox, Vice President, Land of R.E. Gas Development, LLC, a Delaware limited liability
company, on behalf of the corporation.

_____, Notary

Serial Number: _____

EXHIBIT A.

(Article I, Section 1)

Copy of legal description to Leased Premises as reflected in Deed to Lessor will be attached here as Exhibit A upon completion of due diligence by Lessee.

EXHIBIT "C"

Attached to and made a part of that certain Unit Operating Agreement for the MCCLURE SOUTH UNIT

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity and shall include the supervisor in charge of the Operations Center and those foremen reporting to him if their primary function in the Joint Operations is the direct supervision of other employees or contract labor directly employed on the Joint Property.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council or Petroleum Accountants Societies.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

B. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at JP Morgan Chase & Co on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

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5. **Audits**

1 A. A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit
2 Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four
3 (24) month period following the end of such calendar year; provided, however, the making of an audit shall not
4 extend the time for the taking of written exception to and the adjustments of accounts as provided for in
5 Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make
6 every reasonable effort to conduct a joint audit in a manner which will result in a minimum of inconvenience
7 to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this
8 paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year
9 without prior approval of Operator, except upon the resignation or removal of the Operator, and shall be made
10 at the expense of those Non-Operators approving such audit.
11

12 B. The Operator shall reply in writing to an audit report within 180 days after receipt of such report.
13

14 **6. Approval By Non-Operators**

15
16 Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this
17 Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no
18 contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the
19 agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.
20
21

22 **II. DIRECT CHARGES**

23
24 Operator shall charge the Joint Account with the following items:
25

26 **1. Ecological and Environmental**

27 **and other costs incurred by a reasonably prudent operator or as a matter of prudent operation**

28 Costs incurred for the benefit of the Joint Property as a result of governmental or regulatory requirements / to satisfy
29 Environmental / **and safety related** considerations applicable to the Joint Operations. Such costs may include surveys of an ecological or
30 archaeological nature and pollution control procedures as required by applicable laws and regulations.
31

32 **2. Rentals and Royalties**

33
34 Lease rentals and royalties paid by Operator for the Joint Operations.
35

36 **3. Labor**

37
38 A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of
39 Joint Operations.
40

41 (2) Salaries of First level Supervisors in the field.
42

43 (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are
44 excluded from the overhead rates.
45

46 (4) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly
47 employed in the operation or the Joint Property if such charges are excluded from the overhead rates.
48

49 B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to
50 employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II.
51 Such costs under this Paragraph 3B may be charged on a "when and as paid basis" or by "percentage assessment"
52 on the amount of salaries and wages chargeable to the Joint Account under Paragraph 3A of this Section II. If
53 percentage assessment is used, the rate shall be based on the Operator's cost experience.
54

55 C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are
56 applicable to Operator's costs chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II.
57

58 D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under
59 Paragraphs 3A and 3B of this Section II.
60

61 **4. Employee Benefits**

62
63 Operator's current costs or established plans for employees' group life insurance, hospitalization, pension, retirement,
64 stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the
65 Joint Account under Paragraphs 3A and 3B of this Section II shall be Operator's actual cost not to exceed the percent
66 most recently recommended by the Council of Petroleum Accountants Societies.
67
68
69
70

5. **Material**

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

6. **Transportation**

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store where like material is normally available or railway receiving point nearest the Joint Property unless agreed to by the Parties.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store where like material is normally available, or railway receiving point nearest the Joint Property unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.

C. In the application of subparagraphs A and B above, the option to equalize or charge actual trucking cost is available when the actual charge is \$400 or less excluding accessorial charges. The \$400 will be adjusted to the amount most recently recommended by the Council of Petroleum Accountants Societies.

7. **Services**

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 10 of Section II and Paragraph i, ii, and iii, of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

8. **Equipment and Facilities Furnished By Operator**

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on gross investment less accumulated depreciation not to exceed twelve percent (12%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B. In lieu of charges in Paragraph 8A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

9. **Damages and Losses to Joint Property**

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

10. **Legal Expense**

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property. Except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

11. **Taxes**

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties. If the ad valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the Joint Account shall be made and paid by the Parties hereto in accordance with the tax value generated by each party's working interest.

12. **Insurance**

1 Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the
2 event Joint Operations are conducted in a state in which Operator may act as self-insurer for Worker's Compensation
3 and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-
4 insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.
5

6 **13. Abandonment and Reclamation**

7
8 Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory
9 authority.
10

11 **14. Communications**

12
13 Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and
14 microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint
15 Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.
16

17 **15. Other Expenditures**

18
19 Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which
20 is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint
21 Operations.
22

23
24 **III. OVERHEAD**
25

26 **1. Overhead - Drilling and Producing Operations**

27
28 i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge
29 drilling and producing operations on either:
30

- 31 (X) Fixed Rate Basis, Paragraph 1A, or
32 () Percentage Basis, Paragraph 1B
33

34 Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and
35 salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under
36 Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of
37 taxation, traffic, or accounting shall be considered as included in
38 the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are
39 agreed to by the Parties as a direct charge to the Joint Account.
40

41 ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant
42 services and contract services of technical personnel directly employed on the Joint Property:
43

- 44 () shall be covered by the overhead rates, or
45 (X) shall not be covered by the overhead rates.
46

47 iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services
48 and contract services of technical personnel either temporarily or permanently assigned to and directly employed in
49 the operation of the Joint Property:
50

- 51 (X) shall be covered by the overhead rates, or
52 () shall not be covered by the overhead rates.
53

54 A. Overhead - Fixed Rate Basis

55 (1) Operator shall charge the Joint Account at the following rates per well per month:
56

57
58 Drilling Well Rate \$ 15,000
59 (Prorated for less than a full month)
60

61
62 Producing Well Rate \$ 1,500
63

64 (2) Application of Overhead - Fixed Rate Basis shall be as follows:

65 (a) Drilling Well Rate

66
67 (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date
68 the drilling rig, completion rig, or other units used in completion of the well is released, whichever
69
70

is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.

(2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

(1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

(2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

(3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

(4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.

(5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached by the percent increase or decrease published by COPAS

~~B. Overhead - Percentage Basis~~

~~(1) Operator shall charge the Joint Account at the following rates:~~

~~(a) Development~~

~~_____ Percent (_____) of the cost of development of the Joint Property exclusive of costs provided under Paragraph 10 of Section II and all salvage credits.~~

~~(b) Operating~~

~~_____ Percent (_____) of the cost of operating the Joint Property exclusive of costs provided under Paragraphs 2 and 10 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.~~

~~(2) Application of Overhead - Percentage Basis shall be as follows:~~

~~For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, re-drilling, deepening, or any remedial operations on any or all wells involving the use of drilling rig and crew capable of drilling to the producing interval on the Joint Property; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as operating.~~

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint

1 Account for overhead based on the following rates for any Major Construction project in excess of \$ 25,000 :

- 2
3 A. 5 % of first \$100,000 or total cost if less, plus
4
5 B. 3 % of costs in excess of \$100,000 but less than \$1,000,000, plus
6
7 C. 2 % of costs in excess of \$1,000,000.

8 Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single
9 project shall not be treated separately and the cost of drilling and workover wells and artificial lift equipment shall be
10 excluded.
11

12 **3. Catastrophe Overhead**

13 To compensate Operator for overhead costs incurred in the event of expenditures resulting from a single occurrence due
14 to oil spill, blowout, explosion, fire, storm, hurricane, or other catastrophes as agreed to by the Parties, which are
15 necessary to restore the Joint Property to the equivalent condition that existed prior to the event causing the
16 expenditures, Operator shall either negotiate a rate prior to charging the Joint Account or shall charge the Joint Account
17 for overhead based on the following rates:
18

- 19
20 A. 5 % of total costs through \$100,000; plus
21
22 B. 3 % of total costs in excess of \$100,000 but less than \$1,000,000; plus
23
24 C. 2 % of total costs in excess of \$1,000,000.
25

26 Expenditures subject to the overheads above will not be reduced by insurance recoveries, and no other overhead
27 provisions of this Section III shall apply.
28

29 **4. Amendment of Rates**

30 The overhead rates provided for in this Section III may be amended from time to time only by mutual agreement
31 between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.
32
33
34
35

36 **IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS**

37 Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all Material
38 movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at
39 Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or
40 surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to
41 outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition
42 A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.
43

44 **1. Purchases**

45 Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of
46 Material found to be defective or returned to vendor for any other reasons, credit shall be passed to the Joint Account
47 when adjustment has been received by the Operator.
48
49

50 **2. Transfers and Dispositions**

51 Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator,
52 unless otherwise agreed to by the Parties, shall be priced on the following basis exclusive of cash discounts:
53

54 A. New Material (Condition A)

55 (1) Tubular Goods Other than Line Pipe

56 (a) Tubular goods, sized 2 3/8 inches OD and larger, except line pipe, shall be priced at Eastern mill
57 published carload base prices effective as of date of movement plus transportation cost using the 80,000
58 pound carload weight basis to the railway receiving point nearest the Joint Property for which
59 published rail rates for tubular goods exist. If the 80,000 pound rail rate is not offered, the 70,000 pound
60 or 90,000 pound rail rate may be used. Freight charges for tubing will be calculated from Lorain, Ohio
61 and casing from Youngstown, Ohio.
62

63 (b) For grades which are special to one mill only, prices shall be computed at the mill base of that mill plus
64 transportation cost from that mill to the railway receiving point nearest the Joint Property as provided
65 above in Paragraph 2.A.(1)(a). For transportation cost from points other than Eastern mills, the 30,000
66
67
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1 pound Oil Field Haulers Association interstate truck rate shall be used.

2
3 (c) Special end finish tubular goods shall be priced at the lowest published out-of-stock price, f.o.b. Houston,
4 Texas, plus transportation cost, using Oil Field Haulers Association interstate 30,000 pound truck rate,
5 to the railway receiving point nearest the Joint Property.

6
7 (d) Macaroni tubing (size less than 2 3/8 inch OD) shall be priced at the lowest published out-of-stock prices
8 f.o.b. the supplier plus transportation costs, using the Oil Field Haulers Association interstate truck rate
9 per weight of tubing transferred, to the railway receiving point nearest the Joint Property.

10
11 (2) Line Pipe

12
13 (a) Line pipe movements (except size 24 inch OD and larger with walls 3/4 inch and over) 30,000 pounds or
14 more shall be priced under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above.
15 Freight charges shall be calculated from Lorain, Ohio.

16
17 (b) Line Pipe movements (except size 24 inch OD) and larger with walls 3/4 inch and over) less than 30,000
18 pounds shall be priced at Eastern mill published carload base prices effective as of date of shipment,
19 plus ~~the percent most recently recommended by COPAS~~ plus transportation costs based on freight rates as set forth under provisions of tubular
20 goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain,
21 Ohio.

22
23 (c) Line pipe 24 inch OD and over and 3/4 inch wall and larger shall be priced f.o.b. the point of
24 manufacture at current new published prices plus transportation cost to the railway receiving point
25 nearest the Joint Property.

26
27 (d) Line pipe, including fabricated line pipe, drive pipe and conduit not listed on published price lists shall
28 be priced at quoted prices plus freight to the railway receiving point nearest the Joint Property or at
29 prices agreed to by the Parties.

30
31 (3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable
32 supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the
33 railway receiving point nearest the Joint Property.

34
35 (4) Unused new Material, except tubular goods, moved from the Joint Property shall be priced at the current
36 new price, in effect on date of movement, as listed by a reliable supply store nearest the Joint Property, or
37 point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint
38 Property. Unused new tubulars will be priced as provided above in Paragraph 2.A.(1) and (2).

39
40 B. Good Used Material (Condition B)

41
42 Material in sound and serviceable condition and suitable for reuse without reconditioning:

43
44 (1) Material moved to the Joint Property

45
46 At seventy-five percent (75%) of current new price, as determined by Paragraph A.

47
48 (2) Material used on and moved from the Joint Property

49
50 (a) At seventy-five percent (75%) of current new price, as determined by Paragraph A, if Material was
51 originally charged to the Joint Account as new Material or

52
53 (b) At sixty-five percent (65%) of current new price, as determined by Paragraph A, if Material was
54 originally charged to the Joint Account as used Material

55
56 (3) Material not used on and moved from the Joint Property

57
58 At seventy-five percent (75%) of current new price as determined by Paragraph A.

59
60 The cost of reconditioning, if any, shall be absorbed by the transferring property.

61
62 C. Other Used Material

63
64 (1) Condition C

65
66 Material which is not in sound and serviceable condition and not suitable for its original function until
67 after reconditioning shall be priced at fifty percent (50%) of current new price as determined by
68 Paragraph A. The cost of reconditioning shall be charged to the receiving property, provided Condition
69 C value plus cost of reconditioning does not exceed Condition B value.
70

1 (2) Condition D

2 Material, excluding junk, no longer suitable for its original purpose, but usable for some other purpose
3 shall be priced on a basis commensurate with its use. Operator may dispose of Condition D Material
4 under procedures normally used by Operator without prior approval of Non-Operators.
5

6 (a) Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe
7 of comparable size and weight. Used casing, tubing or drill pipe utilized as line pipe shall be
8 priced at used line pipe prices.
9

10 (b) Casing, tubing or drill pipe used as higher pressure service lines than standard line pipe, e.g.
11 power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe.
12 Upset tubular goods shall be priced on a non upset basis.
13

14 (3) Condition E

15 Junk shall be priced at prevailing prices. Operator may dispose of Condition E Material under
16 procedures normally utilized by Operator without prior approval of Non-Operators.
17

18 D. Obsolete Material

19 Material which is serviceable and usable for its original function but condition and/or value of such Material
20 is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by
21 the Parties. Such price should result in the Joint Account being charged with the value of the service
22 rendered by such Material.
23

24 E. Pricing Conditions

25 (1) Loading or unloading costs may be charged to the Joint Account at the rate of twenty-five cents (25¢)
26 per hundred weight on all tubular goods movements, in lieu of actual loading or unloading costs
27 sustained at the stocking point. The above rate shall be adjusted as of the first day of April each year
28 following January 1, 1985 by the same percentage increase or decrease used to adjust overhead rates in
29 Section III, Paragraph 1.A.(3). Each year, the rate calculated shall be rounded to the nearest cent and
30 shall be the rate in effect until the first day of April next year. Such rate shall be published each year
31 by the Council of Petroleum Accountants Societies.
32

33 (2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down
34 price of new Material.
35

36 **3. Premium Prices**

37 Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other
38 unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required
39 Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it
40 to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing
41 Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within
42 ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use
43 and acceptable to Operator.
44

45 **4. Warranty of Material Furnished By Operator**

46 Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint
47 Account until adjustment has been received by Operator from the manufacturers or their agents.
48

49 **V. INVENTORIES**

50 The Operator shall maintain detailed records of Controllable Material.
51

52 **1. Periodic Inventories, Notice and Representation**

53 At reasonable intervals, inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice
54 of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that
55 Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an
56 inventory shall bind Non-Operators to accept the inventory taken by Operator.
57

58 **2. Reconciliation and Adjustment of Inventories**

59 Adjustments to the Joint Account resulting from the reconciliation of a physical inventory shall be made within six
60 months following the taking of the inventory. Inventory adjustments shall be made by Operator to the Joint Account for
61

1 overages and shortages, but, Operator shall be held accountable only for shortages due to lack of reasonable diligence.

2
3 **3. Special Inventories**

4 Special inventories may be taken whenever there is any sale, change of interest, or change of Operator in the Joint
5 Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of
6 interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory. In cases
7 involving a change of Operator, all Parties shall be governed by such inventory.
8

9
10 **4. Expense of Conducting Inventories**

- 11
12 A. The expense of conducting periodic inventories shall not be charged to the Joint Account unless agreed to by the
13 Parties.
14
15 B. The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except
16 inventories required due to change of Operator shall be charged to the Joint Account.
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EXHIBIT C-1

TECHNICAL EMPLOYEES EXCLUDED FROM OVERHEAD RATES

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Title	Category
ASSOCIATE GEOLOGIST	Technical Labor
ASSOCIATE GEOPHYSICIST	Technical Labor
GEOLOGIST	Technical Labor
GEOPHYSICIST	Technical Labor
SR GEOLOGIST	Technical Labor
SR GEOPHYSICIST	Technical Labor
ASSET MANAGER	Technical Labor
ASSOCIATE ASSET MANAGER	Technical Labor
DRILLING ENGINEER I	Technical Labor
DRILLING ENGINEER II	Technical Labor
FIELD ENGINEER	Technical Labor
SR ASSET MANAGER	Technical Labor
SR DRILLING ENGINEER	Technical Labor
SR. ASSET MGR	Technical Labor

EXHIBIT "D"

Attached to and made a part of that certain Unit Operating Agreement for the McClure South Unit

INSURANCE PROVISION

At all times while operations are conducted hereunder, Operator shall comply with all applicable federal and state insurance requirements and Workers' Compensation Laws where the operations are being conducted and include Employer's Liability with a limit of \$1,000,000 including, if applicable, Marine and Voluntary Compensation (including but not limited to General Maritime Law, Jones Act, Transportation, Wages, Maintenance and Cure); provided, however, that Operator may qualify as a self-insurer for liability under the appropriate state and federal workers' compensation laws in which event the only charge that shall be made to the joint account shall be in an amount equivalent to the premium which would have been paid had such insurance been obtained. Operator shall require all contractors engaged in work on or for the contract area to comply with all state and federal workers' compensation laws where the operations are being conducted and to maintain such other insurance as Operator may require.

It is further understood and agreed that Operator is not a warrantor of the financial responsibility of the insurer with whom such insurance is carried, and Operator shall not be liable to any Party for any loss suffered on account of the insufficiency of the insurance carried, or of insurer with whom carried. Operator shall not be liable to any Party for any loss accruing by reason of Operator's inability to procure or maintain the insurance mentioned above. Operator agrees that if at any time during the life of this agreement it is unable to obtain or maintain such insurance it shall immediately notify in writing such Parties of such fact.

No other insurance shall be purchased, or carried, by the Operator for the benefit of the Parties hereto unless mutually agreed in writing by all Parties. Any liability, loss, damage, claim or expense resulting from occurrences not covered by or in the excess of insurance required under this provision shall be borne by parties hereto, other than Unleased Mineral Owners, in the same proportion as their interests may appear at the time of the loss.

Each Party may procure and maintain, at its own cost and expense, such public liability, third party property damage, fire and extended coverage and/or other insurance as it shall determine necessary. Any such insurance so procured and maintained shall inure solely to the benefit of the Party procuring such insurance and such Party, other than an Unleased Mineral Owner, shall indemnify and hold harmless Operator and other Parties to this agreement against any claim of such insurance carrier arising against such other Party by subrogation, or otherwise, in connection with operations hereunder. In addition, any such additional insurance, other than such insurance procured and maintained by an Unleased Mineral Owner, shall contain waiver of subrogation rights in favor of the remaining Parties, but only to the extent of those liabilities assumed by the Party purchasing said insurance.

EXHIBIT "E"

Attached to and made a part of that certain Unit Operating Agreement for the McClure South Unit

Gas Balancing Agreement

The signatory "Party" or "Parties" hereto are also parties to the Operating Agreement dated covering the land and lease(s) described therein as the same may be amended from time to time (the "Operating Agreement").

The Parties recognize that imbalances may occur from time to time between them in their separate disposition of Gas. The Parties hereby agree to handle such Gas imbalances as follows:

ARTICLE I - Definitions:

1.01 As used in this Agreement the terms set forth below shall have the following meanings:

(a) "Balance" is the condition existing when a Party has disposed of a cumulative volume of Gas from a Well which is equal to such Party's Percentage Ownership of the total cumulative volume of Gas disposed of by all Parties from such Well.

(b) "Gas" shall mean the total volume of Gas in Btu's available to the Parties to this Agreement at the Measurement Point from a Well remaining after removal of all liquids by primary field separation and the extraction of any liquid hydrocarbons upstream of the Measurement Point less gas vented flared lost or used in joint operations.

(c) "Make-Up Gas" refers to that incremental volume of Gas in excess of a Party's Percentage ownership which an Underproduced Party is entitled to under this Agreement in order to achieve a Balance.

(d) "Measurement Point" shall mean unless otherwise agreed to in writing between the Parties the point at the gas discharge side of the primary field separation facility where a meter for measurement of Gas to be disposed of is installed unless such separation facilities are not installed in which event the point shall be the meter at the wellhead of each Well.

(e) "Operator" shall mean the Operator designated in the Operating Agreement.

(f) "Overproduced" is the condition existing when a Party has disposed of a cumulative volume of Gas from a Well at anytime that is greater than its Percentage Ownership of the total cumulative volume of Gas disposed of by all Parties from such Well Reference to overproduction is to such greater volume.

(g) The "Percentage Ownership" of each party is equal to that Party's working interest in a Well as determined under the terms of the Operating Agreement.

(h) "Underproduced" is the condition occurring when a party has disposed of a cumulative volume of Gas from a Well at anytime that is less than its Percentage Ownership of the total cumulative volume of gas disposed by all Parties from such Well Reference to "underproduction" is to such lesser volume.

(i) "Well" means a well drilled on the lands and leases covered by the Operating Agreement and capable of producing Gas. For the purposes hereof, a Well separately produced and measured for more than one zone will be considered a separate Well for each zone.

(l) To dispose of Gas or Gas disposed of shall mean all methods of disposition of Gas, including taking in kind, delivering in kind to a Lessor, sales to a Party or third Party

or affiliate or gas used by a Party for purposes other than joint operations.

1.02 Terms not defined in this Agreement shall have the meaning commonly ascribed to them in the natural gas sales industry.

ARTICLE II - Scope and Term

2.01 This Agreement establishes a separate gas balancing agreement for each Well.

2.02 This Agreement shall be effective as of the date of first Gas sales by a Party from any Well or if sooner the date of the Operating Agreement. This Agreement shall terminate separately as to each Well when production from such Well permanently ceases and the Gas accounts for such Well are brought into Balance Pursuant to this Agreement.

ARTICLE III - Right to Produce and Ownership of Gas

3.01 During any month when a Party does not dispose of its Percentage Ownership of Gas the Parties that dispose of their Percentage Ownership shall be entitled to dispose of all or any portion of such Underproduced Gas. To the extent the Parties desire to dispose of more Underproduced Gas than is available, they shall share in such Gas in the proportion that each such Party's Percentage Ownership bears to the combined Percentage Ownership of all parties desiring to dispose of such Gas. However, unless otherwise approved by all parties, no party shall be entitled to dispose of more than two hundred percent (200%) of its Percentage Ownership of Gas that month.

3.02 Each Party shall own and be entitled to the Gas disposed of by such party pursuant to this Agreement and the proceeds thereof, including constituents contained therein that are recovered downstream from the Measurement Point. If a Party is Underproduced with respect to a Well its underproduction shall be deemed to remain in the reservoir subject to the right of disposal of such Underproduced Gas at a later time.

3.03 Nothing in this Agreement shall require or permit any production from a Well in excess of the maximum efficient rate at which such Well can be produced for a sustained period of time without resulting in underground waste in the form of reduced ultimate recovery of hydrocarbons.

ARTICLE IV - Make-Up Gas

4.01 Each Underproduced Party in a Well shall have the right to dispose of Make-Up Gas and each Overproduced Party shall have the obligation to furnish Make-Up Gas as follows:

(a) An Underproduced Party shall provide at least twenty (20) days written notice to the Operator of its intent to dispose of Make-Up Gas and specify the period of such make up which in no event shall be less than one calendar month. Make-Up Gas shall not be made available to an Underproduced Party until the first day of the month following timely notice to the Operator.

(b) An Overproduced Party shall not be required to furnish Make-Up Gas unless an Underproduced Party is first disposing of its Percentage Ownership of Gas.

(c) An Overproduced Party shall not be required to provide as Make-Up Gas more than twenty five percent (25%) of its Percentage Ownership of Gas during the month of January, February, March, November and December. For all other months an Overproduced Party shall not be required to provide as Make-Up Gas more than fifty percent (50%) of its Percentage Ownership of the Gas.

(d) If there is more than one Overproduced Party the Make-Up Gas will be furnished by the Overproduced Parties in the proportion that each Overproduced Party's Percentage Ownership in a Well bears to the total Percentage Ownership of all Overproduced Parties

in the Well. Likewise, if there is more than one Underproduced Party exercising its right to dispose of Make-Up Gas in a month, each Underproduced Party will share in the Make-Up Gas in the proportion which its Percentage Ownership in a Well bears to the total percentage Ownership of all Underproduced Parties in that Well disposing of make-Up Gas that month.

4.02 Nothing herein shall be construed to deny any Party the right from time to time to dispose of its Percentage Ownership of Gas in a Well for the purpose of conducting deliverability tests pursuant to its gas purchase contracts.

ARTICLE V - Balancing of Gas Accounts

5.01 The Operator shall have the duty of administering the provisions of this Agreement. The Operator shall use its good faith efforts to cause Gas to be delivered as may be required to give effect to the intent that there be a Balance between the Parties in accordance with the provisions hereof. The Operator shall only be liable for its failure to make deliveries of Gas in accordance with the terms of this Agreement if such failure is due to its gross negligence or willful misconduct.

5.02 The Operator shall promptly forward notice to all affected Parties, and each month the Operator will furnish each Party a report showing for the prior month the total volume of gas in Btu's produced from each Well, including the volumes vented, flared lost or used in joint operations; the volume of Gas disposed by each Party; each Party's overproduction or underproduction for the month, and the cumulative overproduction or underproduction of each Party in each Well. In the event that production from each well is not separately measured, then the Operator will allocate production to each Well on the basis of periodic tests or such other methods as are commonly used and accepted in the industry. Make-Up Gas disposed of by an Underproduced Party shall offset underproduction in the order in which such underproduction accrued, i.e. First in, First out.

5.03 During the term of this Agreement and for a period of two (2) years thereafter, each Party shall retain all data, information and records pertaining to the Gas disposed of by such Party in a Well. Each Party shall have the right to audit the records retained hereunder. Any audit shall be conducted at the expense of the Party or Parties desiring such audit after reasonable notice and during normal business hours in the office of the Party whose records are being audited. No more than one audit of a Party shall be conducted in any twelve (12) month period.

ARTICLE VI - Cash Settlement of Imbalance

6.01 When production from a Well permanently ceases there shall be a cash settlement between the Parties hereto for any Gas not in Balance. Within sixty (60) days after notice from the Operator that a well has permanently ceased to produce, each Overproduced Party shall pay to the Operator the proceeds received at the Measurement Point for the overproduction which remains accrued to such party, less taxes, royalties and other reasonable charges in fact paid on the overproduced volumes by such Overproduced Party. The Operator shall distribute the total of such amounts so collected among the Underproduced Parties' in the proportion of each such Parties underproduction.

6.02 The price of Gas for cash settlement by an Overproduced Party shall be the price actually or constructively received at the Measurement Point in arm's length transactions for the overproduction, less any taxes, royalties and other reasonable charges in fact paid on the overproduced volumes. If a proportion of an Overproduced Party's Gas production is disposed of for its own use, the price for such Gas will be the price received for any Gas disposed of by such Party in arm's length transactions. During periods when an Overproduced Party disposed of Gas for its own use and had no arm's length gas sales overproduction will be valued at the weighted average price received simultaneously by all Parties for Gas disposed of in arm's length transactions. If no Party sold Gas when the overproduction occurred then the price shall be the last price received by any Party making

sales. A price determined for Gas production not sold by the Overproduced Party shall be deemed to have been constructively received by such Party.

6.03 If any portion of the price which is to be paid to an Underproduced Party is subject to refund by a governmental authority then the Overproduced Party may withhold the amount subject to refund until that portion of the price is finally approved. If any governmental agency requires an Overproduced Party to refund any portion of a price used to make payment hereunder, then the Underproduced parties shall reimburse the Overproduced Parties for such refund including any interest. This Paragraph 6.03 shall survive the termination of this Agreement.

6.04 If an Overproduced Party sells or assigns any or all of its interest to an independent unaffiliated third party which is subject to the terms hereof the selling/assigning party shall immediately make a cash settlement in accordance with this Article VI to any Underproduced Parties in proportion to the volume which each party is underproduced to the total underproduction of all parties in the Well.

ARTICLE VII – Cost of Ownership for Liquids

All operating costs, expenses and liabilities shall be borne and paid by the Parties in accordance with the provisions of the Operating Agreement, regardless of which Parties are disposing of Gas from a Well at any given time. Liquid hydrocarbons of a well separated from the Gas upstream of the Measurement Point shall be owned by all parties in accordance with their Percentage Ownership in the Well.

ARTICLE VIII - Indemnity

Each Party, other than an Unleased Mineral Owner, hereby indemnifies and agrees to hold the other Parties harmless from all claims, costs and liabilities arising out of the operation of this Agreement and the performance of obligations hereunder by the indemnifying Party.

ARTICLE IX – Payment of Lease Burdens

Each Party shall be responsible for and shall pay or cause to be paid all royalties, production payments and other similar burdens on production due on its Percentage Ownership of Gas production from a Well and shall hold the other Parties free from any liability therefor. The Parties disposing of Gas from a Well shall pay or cause to be paid all production, severance, ad valorem or any other taxes, fees or levies on such production.

ARTICLE X – Binding Effect

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. This Agreement may be executed in multiple counterparts.

ARTICLE XI - Notices

Any notices or other communications required or permitted hereunder shall be in writing and shall be deemed given only when received by the Party to whom the same is directed at the addresses and in the manner then provided under the Operating Agreement.

IN WITNESS HEREOF the Parties hereto have caused this Agreement to be duly signed and sealed in duplicate originals.

OPERATOR

Company: R.E. Gas Development, LLC

By: _____

Its: _____

NON-OPERATORS

Company: _____

By: _____

Its: _____

EXHIBIT "H"

Attached to and made a part of that certain Unit Operating Agreement for the McClure South Unit.

**MEMORANDUM OF OPERATING AGREEMENT
AND FINANCING STATEMENT**

This Memorandum of Operating Agreement and Financing Statement entered into by and between the undersigned parties, witnesseth, that:

- 1.0 This Memorandum of Operating Agreement and Financing Statement (hereinafter called "Memorandum") shall be effective when the Operating Agreement referred to in Paragraph 2.0 below becomes effective.
- 2.0 The parties hereto have entered into an Operating Agreement, providing for the development and production of crude oil, natural gas and associated substances from the lands described in Exhibit "A" attached hereto (hereinafter called the "Contract Area"), and designating **R.E. Gas Development, LLC**, as Operator, to conduct such operations.
- 3.0 The Operating Agreement provides for certain liens and/or security interests to secure payment by the parties of their respective share of costs under the Operating Agreement. The Operating Agreement contains an Accounting Procedure along with other provisions which supplement the lien and/or security interest provisions, including non-consent clauses which provide that parties who elect not to participate in certain operations shall be deemed to have relinquished their interest until the consenting parties are able to recover their costs of such operations plus a specified amount. Should any person or firm desire additional information regarding the Operating Agreement or wish to inspect a copy of the Operating Agreement, said person or firm should contact the Operator.
- 4.0 The purpose of this Memorandum is to more fully describe and implement the liens and/or security interests provided for in the Operating Agreement, and to place third parties on notice thereof.
- 5.0 In consideration of the mutual rights and obligations of the parties hereunder, the parties hereto agree as follows:
 - 5.1 The Operator shall conduct and direct and have full control of all Operations on the Contract Area as permitted and required by, and within the limits of the Operating Agreement.
 - 5.2 The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations and shall be liable only for its proportionate share of costs.
 - 5.3 Each Non-Operator, **other than a Non-Operator that is an Unleased Mineral Owner**, grants to Operator a lien upon its oil and gas rights in the Contract Area, and a security interest in its share of oil and or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with interest thereon at the rate provided in the Accounting Procedure referred to in Paragraph 3.0 above. To the extent that Operator has a security interest under the Uniform Commercial Code of the state, Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the rights or security interest of the payment thereof.
 - 5.4 If any Non-Operator, **other than a Non-Operator that is an Unleased Mineral owner**, fails to pay its share of costs when due. Operator may require

other Non-Operators to pay their proportionate part of the unpaid share, whereupon the other Non-Operators shall be subrogated to Operator's lien and security interest.

5.5 The Operator grants to Non-Operators, **other than to Non-Operators that are Unleased Mineral Owners**, a lien and security interest equivalent to that granted to Operator as described in Paragraph 5.3 above, to secure payment by Operator of its own share of costs when due.

6.0 For purposes of protecting said liens and security interest, the parties hereto, **other than Unleased Mineral Owners**, agree that this Memorandum shall cover all right, title and interest of the debtor(s) in:

6.1 Property Subject to Security Interests:

- (A) All personal property located upon or used in connection with the Contract Area.
- (II) All fixtures on the Contract Area.
- (C) All oil, gas and associated substances of value in, on or under the Contract Area which may be extracted therefrom.
- (D) All accounts resulting from the sale of the items described in subparagraph (C) at the wellhead of every well located on the Contract Area or on lands pooled therewith.
- (E) All items used, useful, or purchased for the production, treatment, storage, transportation, manufacture, or sale of the items described in subparagraph (C).
- (F) All accounts, contract rights, rights under any gas balancing agreement, general intangibles, equipment, inventory, farmout rights, option farmout rights, acreage and/or cash contributions, and conversion rights, whether now owned or existing or hereafter acquired or arising, including but not limited to all interest in any partnership, limited partnership, association, joint venture, or other entity or enterprise that holds, owns, or controls any interest in the Contract Area or in any property encumbered by this Memorandum.
- (G) All severed and extracted oil, gas, and associated substances now or hereafter produced from or attributable to the Contract Area, including without limitation oil, gas and associated substances in tanks or pipelines or otherwise held for treatment, transportation, manufacture, processing or sale.
- (H) All the proceeds and products of the items described in the foregoing paragraphs now existing or hereafter arising, and all substitutions therefor, replacements thereof, or accessions thereto.
- (I) All personal property and fixtures now and hereafter acquired in furtherance of the purposes of this Operating Agreement. Certain of the above-described item are or are to become fixtures on the Contract Area.
- (J) The proceeds and products of collateral are also covered.

6.2 Property Subject to Liens:

- (A) All real property within the Contract Area, including all oil, gas and associated substances of value in, on or under the Contract Area which may be extracted therefrom.
 - (B) All fixtures within the Contract Area.
 - (C) All real property and fixtures now and hereafter acquired in furtherance of the purposes of this Operating Agreement.
- 7.0 The above items will be financed at the wellhead of the well or wells located on the Contract Area, and this Memorandum is to be filed for record in the real estate records of the county or counties in which the Contract Area is located, and in the Uniform Commercial Code records.. All parties who have executed the Operating Agreement and all farmors and option farmors who have granted support within the Contract Area are identified on Exhibit "A".
- 8.0 On default of any covenant or condition of the Operating Agreement, in addition to any other remedy afforded by law or the practice of this state, each party to the agreement and any successor to such party by assignment, operation of law, or otherwise, shall have, and is hereby given and vested with, the power and authority to take possession of and sell any interest which the defaulting party has in the subject lands and to foreclose this lien in the manner provided by law.
- 9.0 Upon expiration of the subject Operating Agreement and the satisfaction of all debts, the Operator shall file of record a release and termination on behalf of all parties concerned. Upon the filing of such release and termination, all benefits and obligations under this Memorandum shall terminate as to all parties who have executed or ratified this Memorandum. In addition, the Operator shall have the right to file a continuation statement on behalf of all parties who have executed or ratified this Memorandum.
- 10.0 It is understood and agreed by the parties hereto that if any part, term or provision of this Memorandum is by the courts held to be illegal or in conflict with any law of the state where made, the validity of the remaining portions or provisions shall not be affected, the rights and obligations of the parties shall be construed and enforced as if the Memorandum did not contain the particular part, term or provision held to be invalid..
- 11.0 This Memorandum shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns. The failure of one or more persons owning an interest in the Contract Area to execute this Memorandum shall not in any manner affect the validity of the Memorandum as to those persons who have executed this Memorandum.
- 12.0 A party having an interest in the Contract Area can ratify this Memorandum by execution and delivery of an instrument of ratification, adopting and entering into this Memorandum, and such ratification shall have the same effect as if the ratifying party had executed this Memorandum or a counterpart thereof. By execution or ratification of this Memorandum, such party hereby consents to its ratification and adoption by any party who may have or may acquire any interest in the Contract Area.
- 13.0 This Memorandum may be executed or ratified in one or more counterparts and all of the executed or ratified counterparts shall together constitute one instrument. For purposes of recording, only one copy of this Memorandum with individual signature pages attached thereto needs to be filed of record.
- 14.0 As reflected above, either or both Operator and Non-Operator(s) become Debtors if they default in their payment obligations under the terms of the Operating

Agreement. Similarly, the non-defaulting party(ies) will be considered secured party(ies).

15.1 The parties hereto agree to execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any instrument, or take any action necessary or appropriate to effectuate the terms of the Operating Agreement or any Exhibit, instrument, certificate or other document pursuant thereto.

Effective as of the _____ day of _____, 20__

Non-Operators:

Operator:

R.E. Gas Development, LLC

By: _____
Attorney-in-Fact

ACKNOWLEDGMENT

State of _____ }

County of _____ }

This instrument was acknowledged before me on this _____ day of _____, 20____. by _____, as _____ of _____, a _____ Corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

State of _____

County of _____

The forgoing instrument was acknowledged before me this _____ day of _____, 20__, by _____

My Commission Expires: _____
Notary Public

State of _____

County of _____

The forgoing instrument was acknowledged before me this _____ day of _____, 20__, by _____

My Commission Expires: _____
Notary Public

PREPARED TESTIMONY OF EMILY HERNANDEZ

1 INTRODUCTION

2 **Q1. Please introduce yourself to the Division.**

3 A1. My name is Emily Hernandez and my business address is 366 Walker Drive, State
4 College, Pennsylvania 16801. I am the Lead Geologist of Appalachia for Rex.

5 **Q2. What is your educational background?**

6 A2. I received a Bachelor of Science degree in Geology from Kutztown University of
7 Pennsylvania in 2005 and a Masters degree in Global Energy Management from
8 the University of Colorado in 2010.

9 **Q3. Would you briefly describe your professional experience?**

10 A3. I worked as a geologist from 2005 to 2011 for various environmental and
11 geotechnical consulting companies in Central Pennsylvania and Southern
12 California. From January to August 2011, I was an Energy Market Research
13 Assistant for a Denver based consulting firm. Since August 2011, I have been
14 employed at Rex in State College, Pennsylvania. I was hired as a Geological
15 Technician in 2011, promoted to a Geologist in 2012, and then promoted again to
16 Lead Geologist of Appalachia in December 2014.

17 **Q4. Do you have experience in other shale basins?**

18 A4. No.

19 **Q5. What do you do as the Lead Geologist of Appalachia for Rex?**

20 A5. In my current position, I oversee a Geologist and a Geological Technician. I work
21 as part of a team in the Appalachian Basin to execute and support well-site
22 planning and drilling operations. I also contribute to the geological analysis of our
23 various exploration and development projects.

24 **Q6. What type of geological analysis?**

25 A6. Analyzing well log information from previously drilled wells and available seismic
26 data. From these analyses, I work to construct geological maps and cross sections
27 to determine areas of interest for leasing and recommend locations for the drilling
28 of wells.

29 **Q7. Are you a member of any professional associations?**

30 A7. Yes. I am a member of the American Association of Petroleum Geologists.

1 **Q8. What is the purpose of your testimony today?**

2 A8. I am testifying in support of the *Application of R.E. Gas Development, LLC for*
3 *Unit Operation* filed with respect to the McClure South Unit, consisting of one
4 hundred seventy-six (176) separate tracts of land totaling approximately 436.8
5 acres in Carroll County, Ohio. My testimony will show that the Unitized
6 Formation described in the Application is part of a pool and thus an appropriate
7 subject of unitization. Additionally, my testimony will support the Unit Plan's
8 allocation of unit production and expenses to separately owned tracts on a surface-
9 acreage basis, based on the unit area's nearly uniform thickness and substantially
10 identical geological characteristics throughout.

11 **UNITIZED FORMATION IS PART OF A POOL.**

12 **Q9. To begin, would you tell me what a "pool" is?**

13 A9. In common usage, a pool is understood to be an accumulation of hydrocarbons
14 trapped in the pore spaces of a rock unit. This is consistent with the Ohio statutory
15 definition of a pool as "an underground reservoir containing a common
16 accumulation of oil or gas, or both, but does not include a gas storage reservoir."

17 **Q10. Is this definition understood the same way for conventional and**
18 **unconventional resources?**

19 A10. No, it is not. In a conventional reservoir, the reservoir rock has enough porosity
20 (the void space in the rock) and permeability (the measure of how well connected
21 the pores are) to flow oil and gas under the natural reservoir energy. In
22 unconventional reservoirs, while there is sufficient porosity to hold oil and gas, the
23 reservoir lacks permeability so that oil and gas cannot flow naturally from one pore
24 to another and into the well bore. Modern hydraulic fracturing techniques create
25 permeability within the unconventional reservoir rock by cracking the rock and
26 filling the fractures with sand. These fractures allow the entrapped hydrocarbons to
27 flow from the pore spaces in the reservoir rock into the sand-filled fractures and
28 then into the well bore.

29 **Q11. How is the Unitized Formation defined for the McClure South Unit?**

30 A11. It is defined as the subsurface portion of the Unit located from fifty (50) feet above
31 the top of the Utica formation to fifty (50) feet below the base of the Point Pleasant

1 formation, an interval believed to be approximately 7,402 feet true vertical depth
2 (TVD) to 7,646 feet TVD (calculated from the surface elevation of the pad at
3 1190.70').

4 **Q12. Is the Unitized Formation considered to be a conventional or unconventional**
5 **resource, and why?**

6 A12. The Unitized Formation is considered an unconventional resource since the
7 reservoir rock contains insufficient permeability to flow hydrocarbons without
8 hydraulic fracturing.

9 **Q13. Generally, what kind of analysis, including what type of data, would a**
10 **geologist review in order to assess whether an unconventional resource is a**
11 **pool or part of a pool?**

12 A13. A geologist would use wireline logs to determine the thickness, porosity,
13 hydrocarbon content and geographic distribution of an unconventional resource.
14 Additionally, core samples are taken from wells and analyzed for porosity,
15 permeability, mineral content and hydrocarbon saturations.

16 **Q14. Did you do that here with respect to the McClure South Unit?**

17 A14. Yes.

18 **Q15. Do you have an opinion on whether or not the Unitized Formation**
19 **contemplated by the McClure South Unit constitutes a pool or part of a pool?**

20 A15. Based on my knowledge and professional experience, it is my opinion that the
21 Unitized Formation qualifies as part of a pool.

22 **Q16. Why?**

23 A16. My interpretation of the geologic data that I mentioned above, such as wireline well
24 logs, indicates that Utica / Point Pleasant formations should be present across the
25 McClure South Unit. This indicates to me that the Unitized Formation is part of a
26 pool. See Exhibits EC-1 and EC-2 for more detail.

27 **Q17. And is this a commonly accepted method of analysis in your profession for**
28 **determining whether a pool or part of a pool exists?**

29 A17. Yes.

30 **Q18. The definition of the Unitized Formation above references both the Utica and**
31 **Point Pleasant formations. Do you anticipate production from both**

1 **formations?**

2 A18. Yes. The Utica / Point Pleasant formation is considered a continuous section of
3 hydrocarbon bearing rock. Accordingly, we anticipate producing hydrocarbons
4 from both the Utica formation and the Point Pleasant formation. Further, it will be
5 impossible to identify whether the hydrocarbons were originally in place in the
6 Utica or the Point Pleasant.

7 **ALLOCATION METHODOLOGY**

8 **Q19. Production and expenses are allocated to the separate tracts in the McClure**
9 **South Unit under the Unit Plan on a surface-acreage basis. Do you have an**
10 **opinion on whether that allocation method is appropriate, given your**
11 **education and professional experience?**

12 A19. Yes. In my opinion, that allocation method is appropriate and consistent with that
13 of other states that have pooling and unitization rules in their oil and gas statutes.

14 **Q20. Why?**

15 A20. It is appropriate here because the Utica and Point Pleasant formations are expected
16 to be of similar thickness and productive quality across the unit.

17 **Q21. In your experience, is this a common method for allocating production and**
18 **expenses?**

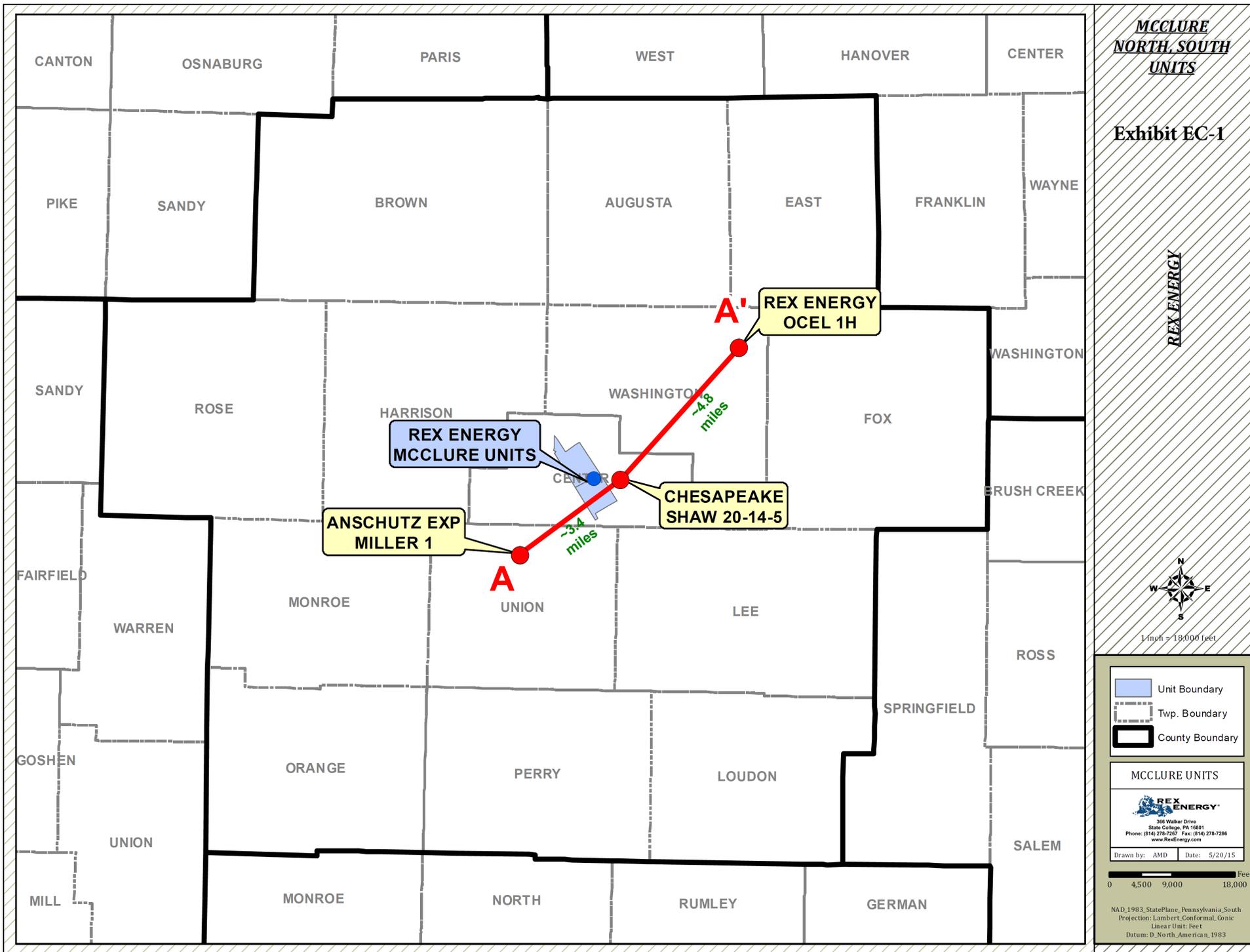
19 A21. Yes. It is common for other shale basins to allocate production and expenses on a
20 surface-acreage basis.

21 **Q22. Have you seen this allocation method used in other shale basins?**

22 A22. While I have not worked in other basins, I am aware that this method of allocation
23 is commonly used.

24 **Q23. Does this conclude your testimony?**

25 A23. Yes.



CANTON

OSNABURG

PARIS

WEST

HANOVER

CENTER

PIKE

SANDY

BROWN

AUGUSTA

EAST

FRANKLIN

WAYNE

SANDY

ROSE

HARRISON

WASHINGTON

FOX

WASHINGTON

REX ENERGY
MCCLURE UNITS

A' REX ENERGY
OCEL 1H

ANSCHUTZ EXP
MILLER 1

CHESAPEAKE
SHAW 20-14-5

BRUSH CREEK

FAIRFIELD

WARREN

MONROE

UNION

LEE

ROSS

SPRINGFIELD

GOSHEN

ORANGE

PERRY

LOUDON

SALEM

MILL

MONROE

NORTH

RUMLEY

GERMAN

GEOLOGIC CROSS-SECTION CARROLL COUNTY, OHIO

Exhibit EC-2

A

A'

**MILLER 1
ANSCHUTZ EXPLORATION**

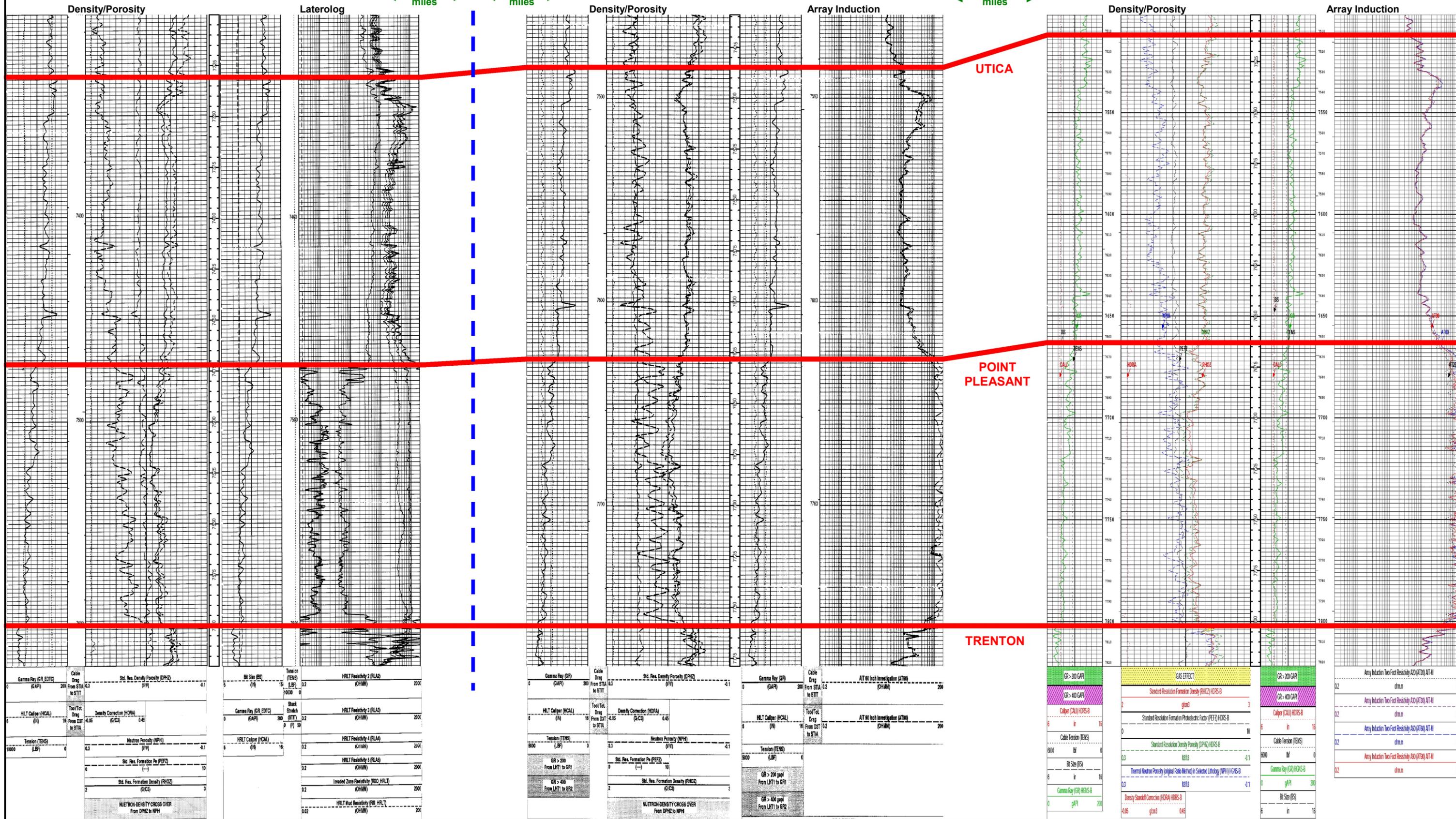
**MCCLURE
REX ENERGY**

**SHAW 20-14-5 5H
CHESAPEAKE**

**OCEL 1H
REX ENERGY**

← ~2.9 miles → ← ~0.5 miles →

← ~4.8 miles →



**STATE OF OHIO DEPARTMENT OF
NATURAL RESOURCES
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :
R.E. Gas Development, LLC for :
Unit Operation : Application Date: May 29, 2015
: Revised: December 3, 2015
McClureSouthUnit :

**PREPARED TESTIMONY OF ALEX AZIZI
ON BEHALF OF R.E. GAS DEVELOPMENT, LLC (“REX”)
(RESERVOIR ENGINEER)**

PREPARED TESTIMONY OF ALEX AZIZI

1 **INTRODUCTION.**

2 **Q1. Please introduce yourself to the Division.**

3 A1. My name is Alex Azizi. I am Director, Reservoir Engineering for Rex. My
4 business address is 366 Walker Drive, State College, Pennsylvania 16801.

5 **Q2. What are your job responsibilities as Director of Reservoir Engineering?**

6 A2. My job responsibilities include understanding reservoirs in the Appalachian Basin,
7 including, the Marcellus, Upper Devonian and Utica/Point Pleasant shales. I'm
8 focused on the evaluation of the reserves and the economic evaluations of our
9 projects.

10 **Q3. What is your educational background?**

11 A3. I earned a Bachelor of Science in Petroleum Engineering from the University of
12 Texas at Austin in 2003.

13 **Q4. How long have you worked for Rex?**

14 A4. I have worked for Rex for the last four years. At Rex I have done some work in
15 secondary and tertiary recovery in our Illinois Basin assets, however, I am focused
16 primarily on Appalachian unconventional reservoirs.

17 **Q5. Would you briefly describe your professional experience?**

18 A5. I have worked in the oil and gas industry for approximately 10 years. During that
19 time, I have worked for various oil and gas producers spending the first six years at
20 Cano Petroleum in Fort Worth, Texas, where I was involved mostly in secondary
21 water flood and tertiary recovery projects in Texas, Oklahoma and New Mexico.

22 **Q6. And is that work similar to the work you now do for Rex?**

23 A6. Yes. That work is similar in terms of evaluating reservoirs and understanding their
24 behavior.

25 **Q7. Are you a member of any professional associations?**

26 A7. Yes. I am a member of the Society of Petroleum Engineers.

27 **Q8. What is the purpose of your testimony today?**

28 A8. I am testifying in support of the *Application of R.E. Gas Development, LLC for*
29 *Unit Operation* filed with respect to the McClure South Unit, consisting of one
30 hundred forty-seven (147) separate tracts of land totaling approximately 402.5

1 acres in Carroll County, Ohio. My testimony addresses the following: (i) that unit
2 operations for the McClure South Unit are reasonably necessary to increase
3 substantially the recovery of oil and gas; and (ii) that the value of the estimated
4 additional recovery due to unit operations exceeds its estimated additional costs.

5 **UNIT OPERATIONS ARE REASONABLY NECESSARY TO INCREASE**
6 **SUBSTANTIALLY THE RECOVERY OF OIL AND GAS.**

7 **Q9. I'd like to begin by addressing whether unit operations in the McClure South**
8 **Unit are reasonably necessary to increase substantially the recovery of oil and**
9 **gas from those properties. Would you describe briefly how Rex anticipates**
10 **developing the McClure South Unit?**

11 A9. The actual total number of wells will be dependent on production results.
12 However, Rex anticipates drilling up to four wells of approximately 3,083' to
13 4,305' in lateral length running from the northwest to the southeast. The McClure
14 South Unit will be drilled from a well pad located on lands near the northern
15 boundary of the McClure South Unit as shown in Exhibit AA-1.

16 **Q10. Do you have an opinion on whether unit operations in the McClure South Unit**
17 **are reasonably necessary to increase substantially the recovery of oil and gas**
18 **from those properties, and if so, what is your opinion?**

19 A10. Yes. It is my opinion that unit operations are reasonably necessary to increase
20 substantially the recovery of oil and gas from the unit. Given the location of the
21 unleased tracts and the applicable regulatory setbacks, it is only possible to drill
22 two laterals without an order authorizing unit operations. However, should an order
23 authorizing unit operations be granted, it is possible to drill the four (4) wells
24 depicted on Exhibit AA-1 which will be accompanied by a substantial increase in
25 recovery of oil and gas.

26 **Q11. Have you made an estimate of the production you anticipate from the**
27 **proposed unit operations?**

28 A11. Yes. The estimated ultimate recovery from the proposed McClure South Unit
29 development could be as much as between 23 and 27 billion cubic feet equivalent
30 (Bcfe). This estimate is presented in greater detail on the attached Exhibit AA-2,

1 which includes an estimate of the recoverable reserves for each of the McClure
2 South Unit wells.

3 **Q12. Have you made an estimate of the production you anticipate without an order**
4 **authorizing unit operations?**

5 A12. Yes. The estimated ultimate recovery from the McClure South Unit without an
6 order authorizing unit operations is between 12 and 14 Bcfe.

7 **Q13. Are the estimates that you made based on good engineering practices and**
8 **accepted methods in the industry?**

9 A13. Yes. They are based on initial results from analog wells in the area.

10 **Q14. Can you calculate the production from these wells ahead of time with**
11 **mathematical certainty?**

12 A14. No. It is impossible at this early stage in the development of the area to calculate
13 the well performance with mathematical certainty.

14 **Q15. Is horizontal drilling technology, including hydraulic fracturing the formation,**
15 **required to economically develop unconventional resources?**

16 A15. Yes.

17 **Q16. Is horizontal drilling common in the oil and gas industry?**

18 A16. Yes. It has been common in the industry for the last few decades and it has become
19 particularly common in the last five to ten years.

20 **Q17. In your professional opinion, would it be economic to develop the McClure**
21 **South Unit using vertical drilling?**

22 A17. No. In a vertical well, the area of the well exposed to the producing reservoir will
23 be considerably less than in a horizontal well, thus reducing the production and
24 ultimate recovery of the well. When you take into account that reduction of
25 reserves together with the capital investment required for a vertical well, the
26 development of the area using vertical technology becomes uneconomical.

1. **VALUE OF ESTIMATED ADDITIONAL RECOVERY EXCEEDS ITS**
2 **ESTIMATED ADDITIONAL COSTS**

3 **Q18. Let's turn to the financial side of the project. Generally, in your professional**
4 **experience, how would the economics of a development project such as the**
5 **development of the McClure South Unit be evaluated?**

6 A18. First you need to estimate the production profile expected of the horizontal wells.
7 You do that by taking into account accepted practices in the industry and using
8 analog wells in the vicinity. You also need to estimate the total capital expenditure
9 required for the drilling, completion and production of the well. When you
10 combine those two estimates with the expected cost of operating the well during its
11 life, you can evaluate the economics.

12 **Q19. Did you do that here?**

13 A19. Yes.

14 **Q20. Would you walk us through your economic evaluation, beginning with your**
15 **estimate of the anticipated revenue stream from the McClure South Unit's**
16 **development?**

17 A20. We estimate that, based on the lateral lengths of these wells, the cost of drilling in
18 the McClure South Unit will be between \$4,500,000 and \$5,500,000 for each well.
19 Once you combine that cost with the cost of operating a typical well in the area, we
20 believe that the Net Present Value for most of these wells is between \$1,000,000 and
21 \$1,500,000. For additional details regarding the estimates for the wells within the
22 McClure South Unit, see attached Exhibit AA-2.

23 **Q21. What price scenario did you use for the anticipated revenue stream?**

24 A21. For prices, we utilized the NYMEX futures prices as of October 30, 2015. First
25 year oil and gas prices are approximately \$52 and \$2.60, respectively. For natural
26 gas liquids prices, we have seen market trends in the range of 10-55% of NYMEX
27 oil value. We took this price variation into account when making value estimates
28 for the McClure South Unit.

31 **Q22. What about anticipated capital and operating expenses?**

1 A22. You work in cooperation with the drilling and completion engineers, as well as
2 with the geologist, all of whom determine the expected depth and pay of the area.
3 Once you understand the depth of the formation and the total lateral length that you
4 need to recover the reserves, you use the latest figures from drilling and completion
5 operations on recent wells in the area to estimate capital cost for future wells. The
6 operating expenses are calculated in a similar manner. Here, as shown on Exhibit
7 AA-2, assuming full development of the McClure South Unit, the estimated capital
8 costs will range between \$18,000,000 and \$22,000,000 while, the life of well
9 estimated operating expense for each well in the unit is \$8,000,000 to \$10,000,000.
10 In making cost estimates, the capital cost of building the well pads is distributed
11 equally among the wells. Without unitization, the capital cost of the well pad
12 construction burdens two wells instead of four wells.

13 **Q23. Based on this information and your professional judgment, does the value of**
14 **the estimated additional recovery from the operations proposed for the**
15 **McClure South Unit exceed its estimated additional costs, and if so, would you**
16 **explain why?**

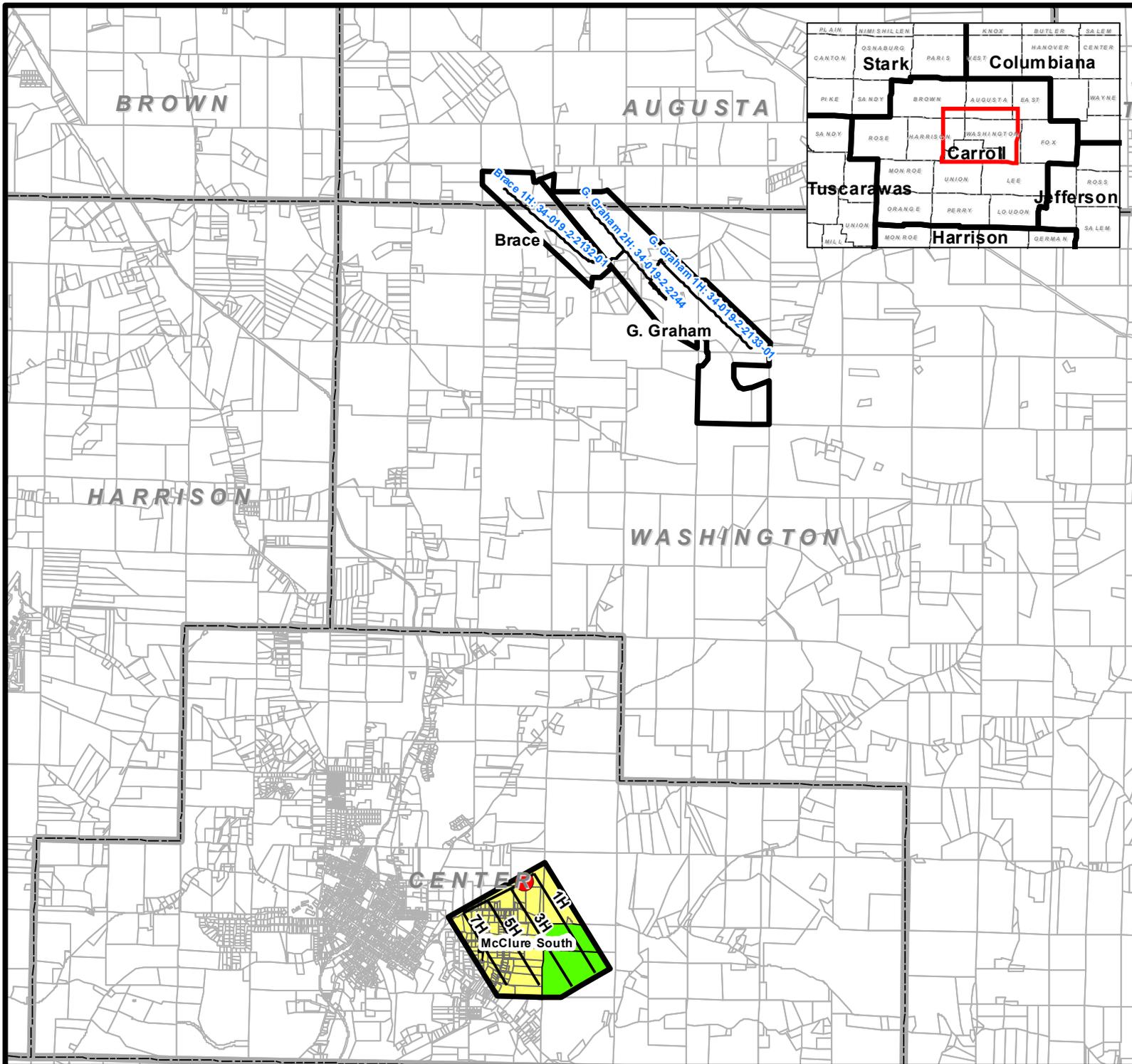
17 A23. Yes. As indicated on Exhibit AA-1, there are two additional wells that could be
18 drilled in the unit if the proposed unit operations are allowed. The value of the
19 additional recovery from those unit operations, when compared to their associated
20 additional costs, is reflected in the estimated net present value for each additional
21 well set forth on Exhibit AA-2. That estimated net present value is between
22 \$1,000,000 and \$1,500,000 per well. The fact that this range of numbers is positive
23 means that the estimated revenue generated from each well exceeds the estimated
24 costs of drilling and operating that well. And the fact that the total amount when
25 summed across all of these wells is positive indicates that the value of the estimated
26 additional recovery from unit operations exceeds its estimated additional costs. If
27 an order authorizing unit operations was not granted, economies of scale would be
28 lost.

29 **Q24. And your opinions are based on your education and professional experience?**

30 A24. Yes.

31 **Q25. Does this conclude your testimony?**

1 A25. Yes.



Adjacent Wells

Unit Acres: 402.51412

McClure South Unit
Center Township
Carroll County, OH

- Pad Site
- Laterals
- Units
- REX ENERGY
- CHESAPEAKE
- OPEN



1 inch = 5,000 feet
5,000 Feet



366 Walker Drive
State College, PA 16801
Phone: (814) 278-7267 Fax: (814) 278-7286
www.RexEnergy.com

NAD_1983_StatePlane_Ohio_North_Feet
Projection: Lambert_Conformal_Conic
Linear Unit: Feet
Datum: D_North_American_1983
R:\Ohio\Warrior_North\MXD\Units\
Goebeler & Grunler Adjacent Wells.mxd

Reservoir Engineering Exhibits
 McClure South Unit
 Economics w/ Approved Unitization

	Lateral Length (Feet)	Expected Initial Rate (Mcf/d)	EUR	Capital Cost (\$)	Life of Well Estimated Operating Expense	Net Present Value (\$)
McClure South 1H	4,305	3,500 - 4,000	6.0 - 7.0 Bcfe	\$4.5-5.5 million	\$8-10 million	\$1.0 - \$1.5 million
McClure South 3H	4,243	3,500 - 4,000	6.0 - 7.0 Bcfe	\$4.5-5.5 million	\$8-10 million	\$1.0 - \$1.5 million
McClure South 5H	3,672	3,500 - 4,000	6.0 - 7.0 Bcfe	\$4.5-5.5 million	\$8-10 million	\$1.0 - \$1.5 million
McClure South 7H	3,083	3,000 - 3,500	5.0 - 6.0 Bcfe	\$4.5-5.5 million	\$8-10 million	\$0.5 - \$1.0 million
Total	N/A	N/A	23 - 27 Bcfe	\$18-22 million	\$32-40 million	\$3.5 - \$5.5 million

Reservoir Engineering Exhibits
 McClure South Unit
 Economics w/out Approved Unitization

	Lateral Length (Feet)	Expected Initial Rate (Mcf/d)	EUR	Capital Cost (\$)	Life of Well Estimated Operating Expense	Net Present Value (\$)
McClure South 1H	0	-	0 Bcfe	0	0	\$0
McClure South 3H	4,243	3,500 - 4,000	6.0 - 7.0 Bcfe	\$4.8-5.8 million	\$8-10 million	\$0.7 - \$1.2 million
McClure South 5H	3,672	3,500 - 4,000	6.0 - 7.0 Bcfe	\$4.8-5.8 million	\$8-10 million	\$0.7 - \$1.2 million
McClure South 7H	0	-	0 Bcfe	0	0	\$0
Total	N/A	N/A	12 - 14.0 Bcfe	\$9.6-11.6 million	\$16-20 million	\$1.4 to \$2.4 million

PREPARED TESTIMONY OF MATTHEW METHENEY

1 **INTRODUCTION.**

2 **Q1. Please introduce yourself to the Division.**

3 A1. My name is Matthew Metheney and I am a Land Manager for Rex.

4 **Q2. What is your educational background?**

5 A2. I received a Bachelor of Arts Degree in Economics and Business from the Virginia
6 Military Institute (“VMI”) in 1991.

7 **Q3. Would you briefly describe your professional experience?**

8 A3. I am currently Rex’s Land Manager in Carrollton, Ohio. Prior to becoming an “in-
9 house” landman for Rex, I was an independent landman working on a contract
10 basis for approximately five years, four of which as a contractor for Rex. During
11 my time as a contractor, I worked in West Virginia, Ohio and Pennsylvania;
12 however, my work was focused primarily on leasing in Pennsylvania and Ohio as a
13 contractor for Rex. Prior to working in the Oil and Gas industry, I was a certified
14 Police Officer in the City of Morgantown, West Virginia for approximately 14.5
15 years. I worked various assignments during my time at the police department.
16 Those assignments include working as a uniformed police officer and working for
17 the detective bureau, drug task force officer and finally as Operations Supervisor
18 for the entire department.

19 **Q4. How long have you worked for Rex?**

20 A4. I have worked for Rex since November of 2013.

21 **Q5. What are your job responsibilities as Land Manager for Rex?**

22 A5. I am the primary point of contact for landowners residing within Rex’s Ohio area
23 of operations. I also oversee all of Rex’s Ohio and Pennsylvania contractors who
24 are performing lease and other land associated activities. In that regard, I create
25 spreadsheets that the contractors utilize to capture leasing contacts. I also assist
26 with leasing efforts, securing right of ways for waterlines, negotiating well sites,
27 negotiating damage settlements and promoting a positive relationship between Rex
28 Energy and local residents of the areas that Rex is active.

29 **Q6. Are you a member of any professional associations?**

30 A6. Yes, I am a member of the American Association of Professional Landmen

1 (AAPL) and the Ohio Oil and Gas Association.

2 **Q7. What is the purpose of your testimony today?**

3 A7. I am testifying in support of the *Application of R.E. Gas Development, LLC for*
4 *Unit Operation* filed with respect to the McClure South Unit, consisting of one
5 hundred forty-seven (147) separate tracts of land totaling approximately 402.5
6 acres in Carroll County, Ohio. In particular, I will describe the efforts made by
7 Rex to put the Unit together and the Unit Plan that Rex is proposing.

8 **EFFORTS MADE BY REX TO LEASE UNIT TRACTS.**

9 **Q8. The Application submitted by Rex indicates that it owns the oil and gas rights**
10 **to approximately 289.124 acres of the proposed 402.5 acre unit. Would you**
11 **describe how Rex acquired those rights?**

12 A8. Rex acquired a large acreage position (approximately 17,000 acres) in Carroll
13 County in 2011 following negotiations with a landowner group and its legal
14 counsel. Additional acquisitions have come through trades with other operators
15 and through direct lease efforts with owners of unleased mineral interests in the
16 area. Typically, we look at our current acreage position and design proposed units
17 that we would like to drill. Then we start filling in the blanks to allow us to do so
18 by trying to negotiate leases for open parcels that would be part of a planned unit.
19 In addition to lease efforts we make, we have worked with Western Land Services
20 as a leasing agent in this area.

21 **Q9. And that represents what percentage of the unit acreage?**

22 A9. As reflected on Exhibit A-2 and Exhibit A-4 to the Unit Operating Agreement,
23 that's approximately 71.83 % of the Unit.

24 **Q10. Are there other operators in the unit, and if so, have they agreed to participate**
25 **in its development?**

26 A10. Yes. There is another operator in the Unit: Chesapeake Energy, along with its
27 venture partners Chesapeake Utica, LLC and Total E&P USA (collectively,
28 "Chesapeake"). Chesapeake and its venture partners own 112.58213 acres of land,
29 which represents 27.9 % of the total acreage of the Unit. As of the filing of this
30 application, none of the Chesapeake venture partners have agreed to participate in
31 this unit's development. EnerVest Energy Institutional Fund IX, LP and EnerVest

1 Energy Institutional Fund IX-WI, LP (collectively, “EnerVest”) owns a fractional
2 interest in one 39.2 acre tract and has agreed to participate. EnerVest’s Working
3 Interest approval form is included as part of Exhibit MM-1.

4 **Q11. So then, is it accurate to say that the owners of more than sixty-five percent**
5 **(65%) of the unit have approved the filing of this Application?**

6 A11. Yes. Please see Exhibit MM-1, which contains working interest approvals.

7 **Q12. How many unleased mineral owners are there in the Unit?**

8 A12. There are three (3) unleased tracts, owned by a total of four (4) mineral owners in
9 the Unit. The interest controlled by these unleased mineral owners represents .808
10 of an acre or .2 % % of the Unit. See Exhibit A-3.

11 **Q13. Have affidavits detailing Rex’s efforts to obtain leases from the unleased**
12 **mineral owners been prepared?**

13 A13. Yes. Please refer to attached Exhibit MM-2.

14 **Q14. Do you have an exhibit to your testimony that illustrates the leased and**
15 **unleased tracts within the Unit?**

16 A14. Yes. Attached Exhibit MM-3 is a plat showing each of the tracts in the Unit. The
17 unleased tracts appear in red whereas the leased tracts appear in yellow.

18 **Q15. Do you have an aerial plat of the Unit?**

19 A15. Yes. Attached Exhibit MM-4 is an aerial plat of the Unit.

20 **UNIT PLAN PROVISIONS.**

21 **Q16. Would you generally describe the development plan for the Unit?**

22 A16. Rex plans to develop the Unit from a well pad located in the McClure South Unit.
23 From this well pad, Rex intends to drill up to four (4) horizontal wells with
24 projected lateral lengths of approximately 3,083 to 4,243 feet, as depicted on
25 Exhibit MM-3.

26 **Q17. Does Rex have a specific timeline for drilling the wells in the Unit?**

27 A17. Rex plans to drill the initial well in early 2016. Upon evaluating the results of the
28 first well, Rex anticipates drilling the subsequent wells within five years of the
29 effective date of an order authorizing unit operations, depending on results, rig
30 availability, and the availability of markets for the hydrocarbons.

31

1 **Q18. Does Rex have any other development activity in the immediate area?**

2 A18. Yes. Please see attached Exhibit MM-5, which depicts the units bordering the
3 Unit.

4 **Q19. Are you familiar with the Unit Plan proposed by Rex for the Unit?**

5 A19. Yes. The Unit Plan proposed by Rex is attached to the Application and consists of
6 an initial document that establishes the non-operating relationship between the
7 parties in the Unit, and an operating agreement and related exhibits that establish
8 how the Unit is going to be explored, developed and produced.

9 **Q20. Turning first to the body of the Unit Plan, marked as Attachment 1 to the
10 Application. Would you describe briefly what it does?**

11 A20. Yes. The general intent of the Unit Plan is to effectively combine the oil and gas
12 rights and interests in the Unit in a uniform manner so that they can be developed
13 as though each of the tracts were covered by a single lease.

14 **Q21. Are all of the oil and gas rights in the proposed unit combined?**

15 A21. No. The Unit Plan only unitizes the oil and gas rights in and related to the Unitized
16 Formation.

17 **Q22. How would production from the Unit be allocated?**

18 A22. On a surface-acreage basis consistent with Article 4 and Article 5 of the Unit Plan.

19 **Q23. Why use a surface-acreage basis as the method of allocation?**

20 A23. We believe it is the most efficient and fair manner in which the landowners,
21 Unleased Mineral Owners and the other operators can share in production from the
22 Unit.

23 **Q24. Would you go through an example from Exhibit A-2 to the Unit Operating
24 Agreement to illustrate what you mean?**

25 A24. Yes. If you refer to Exhibit A-2 of the Unit Operating Agreement, the column
26 entitled "Surface Acres in Unit" reflects the number of surface acres in each tract
27 included within the Unit. The column entitled "Tract Participation" shows the
28 related tract participation of each tract, which is calculated by taking the number of
29 surface acres in each tract included within the unit and dividing it by the total
30 number of surface acres in the unit. For example, if you refer to Tract 11 on Exhibit
31 A-2 to the Unit Operating Agreement, it shows that the Bausell Family Trust is the

1 current mineral owner of .11670 acres in the 402.51412 acre Unit. This equates to a
2 Tract Participation of 0.000028993 (.11457 /402.51412= 0.000028993).

3 **Q25. What does that mean in terms of production allocated to that particular tract?**

4 A25. It would mean that approximately .0028993 % of all production from the Unit
5 would be allocated to Tract 11.

6 **Q26. Does it work the same way for an unleased mineral interest, that is, for the
7 tract of a person who did not lease the property in the unit?**

8 A26. Yes.

9 **Q27. In your experience, is that an unusual way to allocate production in a unit?**

10 A27. No. In my experience, surface-acreage allocation is both fair and customary for
11 horizontal shale development. It is also the standard practice exercised in the
12 industry as a whole.

13 **Q28. How are unit expenses allocated?**

14 A28. Like production in the unit, generally on a surface-acreage basis. Article 3 of the
15 Unit Plan provides that expenses, unless otherwise allocated in the Unit Operating
16 Agreement, will be allocated to each tract of land within the Unit in the proportion
17 that the surface acres of each tract included within the unit bears to the surface
18 acres of the entire unit.

19 **Q29. Who pays the unit expenses?**

20 A29. According to the terms of the proposed Unit Plan, the working interest owners.

21 **Q30. Do the royalty owners pay any portion of the unit expenses?**

22 A30. No, unless the terms and conditions of the royalty owner's oil and gas lease dictate
23 otherwise. Royalty interest owners are responsible only for their proportionate
24 share of taxes and post-production costs, payable only from their share of the
25 proceeds from sales of production from the unit area.

26 **Q31. Let's turn to the Unit Operating Agreement. It appears to be based upon
27 A.A.P.L. Form 610 – 1989 Model Form Operating Agreement, is that correct?**

28 A31. Yes. We typically use a modified version of the 1989. The Form 610, together
29 with its exhibits, is a commonly used form in the industry and is frequently
30 modified to fit the needs of the parties and circumstances.

1 **Q32. Turning to the Unit Operating Agreement in particular, does it address how**
2 **unit expenses are determined and paid?**

3 A32. Yes. Article III of the Unit Operating Agreement provides that all costs and
4 liabilities incurred in operations shall be borne and paid proportionately by the
5 Working Interest Owners, according to their Unit Participation percentages. Those
6 percentages can be found in Exhibit A-2 and Exhibit A-4 to the Unit Operating
7 Agreement. Moreover, the Unit Operating Agreement has attached to it an
8 accounting procedure identified as Exhibit C that offers greater details regarding
9 how unit expenses are determined and paid.

10 **Q33. That's commonly referred to as the COPAS?**

11 A33. Yes. COPAS stands for the Council of Petroleum Accountants Societies and is a
12 commonly used form in the industry.

13 **Q34. Will there be in-kind contributions made by owners in the unit area for unit**
14 **operations, such as contributions of equipment?**

15 A34. No. Rex does not anticipate any in-kind contributions for Unit Operations.

16 **Q35. Are there times when a working interest owner in the unit chooses not to – or**
17 **cannot – pay their allocated share of the unit expenses?**

18 A35. Yes, such a situation is not uncommon in the industry. The Unit Operating
19 Agreement gives working interest owners the flexibility to decline participation in
20 any operation that they either cannot afford or believe is not likely to be profitable.
21 The remaining parties can then proceed at their own risk and expense.

22 **Q36. Generally, how is the working interest accounted for when an owner chooses**
23 **not to participate in an operation?**

24 A36. A working interest owner who cannot or chooses not to participate in an operation
25 is considered a non-consenting party. If the remaining working interest owners
26 decide to proceed with the operation, the consenting parties alone will bear the full
27 cost and expense of the operations. A non-consenting party is deemed to have
28 relinquished its interest in that operation until the well revenues pay out the costs
29 that would have been attributed to that party, plus a prescribed risk penalty or non-
30 consent penalty.

31 **Q37. Can a working interest owner choose to go non-consent in the initial well in**

1 **the Unit?**

2 A37. Yes. If a working interest owner chooses not to participate in the unit’s initial well,
3 Article XVI(C) of the Unit Operating Agreement provides that the working interest
4 owner shall be deemed to have relinquished its working interest to the other parties
5 in the unit, in proportion to their respective working interests, with a back-in
6 provision and risk factor of 300%.

7 **Q38. Does the Unit Operating Agreement treat the initial well and subsequent**
8 **operations differently in terms of going non-consent, and if so, why?**

9 A38. Yes. In this case, there are no wells in the unit that could be classified as extremely
10 high risk. However, there are still operational risks and therefore there is still a risk
11 factor penalty involved should a party go non-consent. Subsequent operations have
12 a smaller risk factor of 200%.

13 **Q39. But if the working interest owner still has a royalty interest in the unit, that**
14 **royalty interest would remain in place and be paid?**

15 A39. Yes. That royalty interest would still be paid according to the terms and conditions
16 of the agreement that give rise to the royalty.

17 **Q40. Where are the risk factors for subsequent operations set out in the Unit**
18 **Operating Agreement?**

19 A40. They are set out in Article VI.B of the Unit Operating Agreement.

20 **Q41. I believe you’ve already described generally the documents in Exhibits A and**
21 **C to the Unit Operating Agreement. Let’s turn therefore to Exhibit B of the**
22 **Unit Operating Agreement. What is it?**

23 A41. Exhibit B is a standard oil and gas lease form that is attached to the joint operating
24 agreement to govern any unleased interests owned by the parties. Article III.A of
25 the Unit Operating Agreement provides that if any party owns or acquires an oil
26 and gas interest in the Contract Area, then that interest shall be treated for all
27 purposes of the Unit Operating Agreement as if it were covered by the form of
28 lease attached as Exhibit “B.”

29 **Q42. Does this oil and gas lease contain standard provisions that Rex uses in**
30 **connection with its operations in Ohio?**

31 A42. It is a standard agreement Rex has used in the State of Ohio.

1 **Q43. Based upon your education and professional experience, do you view the terms**
2 **of Exhibit B as reasonable?**

3 A43. Yes.

4 **Q44. Moving on to Exhibit D of the Unit Operating Agreement, would you describe**
5 **what it is?**

6 A44. Yes. Exhibit D is the insurance exhibit to the Unit Operating Agreement. It sets
7 forth coverage amounts and limitations, and the insurance terms for operations
8 conducted under the Unit Operating Agreement. For example, it requires that
9 operator shall comply with all applicable federal and state insurance and Worker's
10 Compensation Laws.

11 **Q45. Based upon your education and professional experience, do you view the terms**
12 **of Exhibit D as reasonable?**

13 A45. Yes.

14 **Q46. Would you next describe to the Division Exhibit E of the Unit Operating**
15 **Agreement?**

16 A46. Yes. Exhibit E is the Gas Balancing Agreement, which further details the rights
17 and obligations of the parties with respect to marketing and selling any production
18 from the Contract Area.

19 **Q47. In your professional opinion, given your education and experience, are the**
20 **terms of the Unit Plan, including the terms of the exhibits just discussed, just**
21 **and reasonable?**

22 A47. Yes.

23 **Q48. Does this conclude your testimony?**

24 A48. Yes.

**STATE OF OHIO
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :
R.E. Gas Development, LLC for : Application Date: May 28, 2015
Unit Operation :
: :
: :
McClure South Unit

WORKING INTEREST OWNER APPROVAL

R.E. Gas Development, LLC (“Applicant”) has prepared and/or filed an application asking the Chief of the Division of Oil and Gas Resources Management to issue an order authorizing Applicant to operate the McClure South Unit, located in Carroll County, Ohio, and consisting of one hundred seventy-six (176) separate tracts of land covering approximately 436.78665 acres, according to the Unit Plan attached thereto (the “Application”).

EnerVest Energy Institutional Fund IX, LP is the owner (as that term is defined in Ohio Revised Code § 1509.01(K)) of 1 tract(s) of land covering approximately 39.18255 acres contained in the McClure South Unit, or 2.6080% of the lands in the unit, all as more specifically described on attached Exhibit 1.

EnerVest Energy Institutional Fund IX, LP. (“EnerVest”) hereby approves, and supports the making of, the Application, including without limitation the Unit Plan attached thereto, and acknowledges receipt of full and true copies thereof. EnerVest’s approval of the Applicants’s application shall expire (90) ninety calendar days from the date of execution. EnerVest’s approval is granted solely to the Applicant any all transfers, sales, assignment of operatorship, or changes in ownership whatsoever by the Applicant prior to an Order issued by the Chief of the Division of Oil and Gas Resource Management shall immediately terminate EnerVest’s approval of the application.

EnerVest Energy Institutional Fund IX, LP

By:  *ck*
Date: 5/27/15

Exhibit 1

TRACT NUMBER	LESSOR	SURFACE ACRES IN UNIT	PARCEL ID NUMBER
175	JUDITH G ABEL	39.18255	09-0000012.000

Exhibit 1

TRACT NUMBER	LESSOR	SURFACE ACRES IN UNIT	PARCEL ID NUMBER
175	JUDITH G ABEL	39.18255	09-000012.000

**MODEL FORM RECORDING SUPPLEMENT TO
OPERATING AGREEMENT AND FINANCING STATEMENT**

**McClure South T.H. Unit
Center Township
Carroll County, Ohio**

THIS AGREEMENT, entered into by and between R.E. Gas Development, LLC., hereinafter referred to as "Operator," and the signatory party or parties other than Operator, and EnerVest Energy Institutional Fund IX, LP & EnerVest Energy Institutional Fund IX-WI, LP, hereinafter referred to individually as "Non-Operator," and collectively as "Non-Operators."

WHEREAS, the parties to this agreement are owners of Oil and Gas Leases and/or Oil and Gas Interests in the land identified in Exhibit "A" (said land, Leases and Interests being hereinafter called the "Contract Area"), and in any instance in which the Leases or Interests of a party are not of record, the record owner and the party hereto that owns the interest or rights therein are reflected on Exhibit "A";

WHEREAS, the parties hereto have executed an Operating Agreement dated June 1, 2015 (herein the "Operating Agreement"), covering the Contract Area for the purpose of exploring and developing such lands, Leases and Interests for Oil and Gas; and

WHEREAS, the parties hereto have executed this agreement for the purpose of imparting notice to all persons of the rights and obligations of the parties under the Operating Agreement and for the further purpose of perfecting those rights capable of perfection.

NOW, THEREFORE, in consideration of the mutual rights and obligations of the parties hereto, it is agreed as follows:

1. This agreement supplements the Operating Agreement, which Agreement in its entirety is incorporated herein by reference, and all terms used herein shall have the meaning ascribed to them in the Operating Agreement.
2. The parties do hereby agree that:
 - A. The Oil and Gas Leases and/or Oil and Gas Interests of the parties comprising the Contract Area shall be subject to and burdened with the terms and provisions of this agreement and the Operating Agreement, and the parties do hereby commit such Leases and Interests to the performance thereof.
 - B. The exploration and development of the Contract Area for Oil and Gas shall be governed by the terms and provisions of the Operating Agreement, as supplemented by this agreement.
 - C. All costs and liabilities incurred in operations under this agreement and the Operating Agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned, by the parties hereto, as provided in the Operating Agreement.
 - D. Regardless of the record title ownership to the Oil and Gas Leases and/or Oil and Gas Interests identified on Exhibit "A," all production of Oil and Gas from the Contract Area shall be owned by the parties as provided in the Operating Agreement; provided nothing contained in this agreement shall be deemed an assignment or cross-assignment of interests covered hereby.
 - E. Each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Contract Area as provided in the Operating Agreement.
 - F. An overriding royalty, production payment, net profits interest or other burden payable out of production hereafter created, assignments of production given as security for the payment of money and those overriding royalties, production payments and other burdens payable out of production heretofore created and defined as Subsequently Created Interests in the Operating Agreement shall be (i) borne solely by the party whose interest is burdened therewith, (ii) subject to suspension if a party is required to assign or relinquish to another party an interest which is subject to such burden, and (iii) subject to the lien and security interest hereinafter provided if the party subject to such burden fails to pay its share of expenses chargeable hereunder and under the Operating Agreement, all upon the terms and provisions and in the times and manner provided by the Operating Agreement.
 - G. The Oil and Gas Leases and/or Oil and Gas Interests which are subject hereto may not be assigned or transferred except in accordance with those terms, provisions and restrictions in the Operating Agreement regulating such transfers.

This agreement and the Operating Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, devisees, legal representatives, and assigns, and the terms hereof shall be deemed to run with the leases or interests included within the lease Contract Area.
 - H. The parties shall have the right to acquire an interest in renewal, extension and replacement leases, leases proposed to be surrendered, wells proposed to be abandoned, and interests to be relinquished as a result of non-participation in subsequent operations, all in accordance with the terms and provisions of the Operating Agreement.
 - I. The rights and obligations of the parties and the adjustment of interests among them in the event of a failure or loss of title, each party's right to propose operations, obligations with respect to participation in operations on the Contract Area and the consequences of a failure to participate in operations, the rights and obligations of the parties regarding the marketing of production, and the rights and remedies of the parties for failure to comply with financial obligations shall be as provided in the Operating Agreement.
 - J. Each party's interest under this agreement and under the Operating Agreement shall be subject to relinquishment for its failure to

participate in subsequent operations and each party's share of production and costs shall be reallocated on the basis of such relinquishment, all upon the terms and provisions provided in the Operating Agreement.

K. All other matters with respect to exploration and development of the Contract Area and the ownership and transfer of the Oil and Gas Leases and/or Oil and Gas Interest therein shall be governed by the terms and provisions of the Operating Agreement.

3. The parties hereby grant reciprocal liens and security interests as follows:

A. Each party grants to the other parties hereto a lien upon any interest it now owns or hereafter acquires in Oil and Gas Leases and Oil and Gas Interests in the Contract Area, and a security interest and/or purchase money security interest in any interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection therewith, to secure performance of all of its obligations under this agreement and the Operating Agreement including but not limited to payment of expense, interest and fees, the proper disbursement of all monies paid under this agreement and the Operating Agreement, the assignment or relinquishment of interest in Oil and Gas Leases as required under this agreement and the Operating Agreement, and the proper performance of operations under this agreement and the Operating Agreement. Such lien and security interest granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and overriding royalty interests in the Contract Area now owned or hereafter acquired and in lands pooled or unitized therewith or otherwise becoming subject to this agreement and the Operating Agreement, the Oil and Gas when extracted therefrom and equipment situated thereon or used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts (including, without limitation, accounts arising from the sale of production at the wellhead), contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the foregoing.

B. Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in Oil and Gas Leases and Interests covered by this agreement and the Operating Agreement by, through or under such party. All parties acquiring an interest in Oil and Gas Leases and Oil and Gas Interests covered by this agreement and the Operating Agreement, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the lien and security interest granted by the Operating Agreement and this instrument as to all obligations attributable to such interest under this agreement and the Operating Agreement whether or not such obligations arise before or after such interest is acquired.

C. To the extent that the parties have a security interest under the Uniform Commercial Code of the state in which the Contract Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any party in the payment of its share of expenses, interest or fees, or upon the improper use of funds by the Operator, the other parties shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such defaulting party's share of Oil and Gas until the amount owed by such party, plus interest, has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such defaulting party's share of Oil and Gas. All purchasers of production may rely on a notification of default from the non-defaulting party or parties stating the amount due as a result of the default, and all parties waive any recourse available against purchasers for releasing production proceeds as provided in this paragraph.

D. If any party fails to pay its share of expenses within one hundred-twenty (120) days after rendition of a statement therefor by Operator the non-defaulting parties, including Operator, shall, upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. The amount paid by each party so paying its share of the unpaid amount shall be secured by the liens and security rights described in this paragraph 3 and in the Operating Agreement, and each paying party may independently pursue any remedy available under the Operating Agreement or otherwise.

E. If any party does not perform all of its obligations under this agreement or the Operating Agreement, and the failure to perform subjects such party to foreclosure or execution proceedings pursuant to the provisions of this agreement or the Operating Agreement, to the extent allowed by governing law, the defaulting party waives any available right of redemption from and after the date of judgment, any required valuation or appraisal of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshalling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted hereunder or under the Operating Agreement, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

F. The lien and security interest granted in this paragraph 3 supplements identical rights granted under the Operating Agreement.

G. To the extent permitted by applicable law, Non-Operators agree that Operator may invoke or utilize the mechanics' or materialmen's lien law of the state in which the Contract Area is situated in order to secure the payment to Operator of any sum due under this agreement and the Operating Agreement for services performed or materials supplied by Operator.

H. The above described security will be financed at the wellhead of the well or wells located on the Contract Area and this Recording Supplement may be filed in the land records in the County or Parish in which the Contract Area is located, and as a financing statement in all recording offices required under the Uniform Commercial Code or other applicable state statutes to perfect the above-described security interest, and any party hereto may file a continuation statement as necessary under the Uniform Commercial Code, or other state laws.

4. This agreement shall be effective as of the date of the Operating Agreement as above recited. Upon termination of this agreement and the Operating Agreement and the satisfaction of all obligations thereunder, Operator is authorized to file of record in all necessary recording offices a notice of termination, and each party hereto agrees to execute such a notice of termination as to Operator's interest, upon the request of Operator, if Operator has complied with all of its financial obligations.

5. This agreement and the Operating Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns. No sale, encumbrance, transfer or other disposition shall be made by any party of any interest in the Leases or Interests subject hereto except as expressly permitted under the Operating Agreement and, if permitted, shall be made expressly subject to this agreement and the Operating Agreement and without prejudice to the rights of the other parties. If the transfer is permitted, the assignee of an ownership interest in any Oil and Gas Lease shall be deemed a party to this agreement and the Operating Agreement as to the interest assigned from and after the effective date of the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale, encumbrance, transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the instrument of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other disposition of interest by a party shall relieve such party of obligations previously incurred by such party under this agreement or the Operating Agreement with respect to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation conducted under this agreement and the Operating

Agreement in which such party has agreed to participate prior to making such assignment, and the lien and security interest granted by Article VII.B. of the Operating Agreement and hereby shall continue to burden the interest transferred to secure payment of any such obligations.

6. In the event of a conflict between the terms and provisions of this agreement and the terms and provisions of the Operating Agreement, then, as between the parties, the terms and provisions of the Operating Agreement shall control.
7. This agreement shall be binding upon each Non-Operator when this agreement or a counterpart thereof has been executed by such Non-Operator and Operator notwithstanding that this agreement is not then or thereafter executed by all of the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Contract Area or which own, in fact, an interest in the Contract Area. In the event that any provision herein is illegal or unenforceable, the remaining provisions shall not be affected, and shall be enforced as if the illegal or unenforceable provision did not appear herein.

IN WITNESS WHEREOF, this agreement shall be effective as of the 1st day of June, 2015.

OPERATOR

ATTEST OR WITNESS

R.E. Gas Development, LLC.,
A Delaware limited liability company

By: F. Scott Hodges

Title: Senior Vice President, Land & Business Development

Date:

Address: 366 Walker Drive, State College, PA 16801

NON-OPERATOR

ATTEST OR WITNESS

EnerVest Energy Institutional Fund IX, LP

By: James D. McKinney *CA*

Title: Senior Vice President

Date:

Address: 300 Capitol St., Suite 200, Charleston, WV 25301

ATTEST OR WITNESS

EnerVest Energy Institutional Fund IX-WI, LP

By: James D. McKinney *CA*

Title: Senior Vice President

Date:

Address: 300 Capitol St., Suite 200, Charleston, WV 25301

ATTEST OR WITNESS

By:

Title:

Date:

Address:

CORPORATE ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF CENTRE)

This instrument was acknowledged before me on the ___ day of _____, 20___, by F. Scott Hodges, as Senior Vice President, Land & Business Development of R.E. GAS DEVELOPMENT, L.L.C., a Delaware limited liability company on behalf of such entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires: _____
Signature/Notary Public: _____
Name/Notary Public (print): _____

CORPORATE ACKNOWLEDGMENT

STATE OF West Virginia)
) SS:
COUNTY OF Kanawha)

On this, the 2nd day of June, 2015, before me Alison Winter, the undersigned officer, personally appeared James McElroy, who acknowledged himself to be the Senior Vice President of EnerVest Energy Institutional Fund IX, LP, an Limited Partnership company, and that he as such Senior Vice President, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the limited liability company by himself as Senior Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



My Commission Expires: June 5, 2014
Signature/Notary Public: Alison E. Winter
Name/Notary Public (print): Alison E. Winter

CORPORATE ACKNOWLEDGMENT

STATE OF West Virginia)
) SS:
COUNTY OF Kanawha)

On this, the 2nd day of June, 2015, before me Alison Winter, the undersigned officer, personally appeared James McWhorter who acknowledged himself to be the Senior Vice President of EnerVest Energy Institutional Fund IX-WI, LP, an Limited Partnership company, and that he as such Senior Vice President being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the limited liability company by himself as Senior Vice President

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



My Commission Expires: June 5, 2016
Signature/Notary Public: Alison E. Winter
Name/Notary Public (print): Alison E Winter

CORPORATE ACKNOWLEDGMENT

STATE OF _____)
) SS:
COUNTY OF _____)

On this, the ____ day of _____, 20__, before me _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of _____, an _____ company, and that he as such _____, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the limited liability company by himself as _____.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires: _____
Signature/Notary Public: _____
Name/Notary Public (print): _____

Signature page to that certain Recording Supplement to Operating Agreement and Financing Statement dated June 1, 2015 between R.E Gas Development, LLC. and EnerVest Energy Institutional Fund IX, LP & EnerVest Energy Institutional Fund IX-WI, LP, covering the McClure South 1H Unit.

Document prepared by:
R.E. Gas Development, LLC.
366 Walker Drive
State College, PA 16801

EXHIBIT "A"

Attached to and made a part of that certain Recording Supplement to Operating Agreement and Financing Statement dated June 1, 2015, by and between R.E. Gas Development, LLC, as Operator, and EnerVest Energy Institutional Fund IX, LP & EnerVest Energy Institutional Fund IX-WI, LP, collectively as Non-Operator.

1. Lands subject to this Agreement:

a. See Exhibit "A-1".

2. Restrictions as to depths, Formations or Substances:

a. "Utica Formation" means those formations, intervals, strata and depths beginning at the stratigraphic equivalent of three hundred feet (300') below the top of the Queenston Formation, as encountered at a measured depth of four thousand two hundred and seventy eight feet (4,278) subsurface on the type well log for the Miller Eli #2 Well, API #34075252830000, Holmes County, Ohio and the ending at top of the Black River Formation, as encountered at a measured depth of five thousand five hundred and twelve feet (5,512') subsurface on the type well log for such Miller Eli #2 well, which in all cases includes all of the Utica Shale and Point Pleasant Formations.

3. Interests of the Parties to this Agreement:

<u>OPERATOR</u>	<u>Working Interest</u>
R.E. Gas Development, LLC	65.8247%*
 <u>NON OPERATOR</u>	
EnerVest Energy Institutional Fund IX, LP	2.6080%*
EnerVest Energy Institutional Fund IX-WI, LP	.7560%*
Third Parties	30.8113%*
 TOTAL:	 100.000000%

4. Addresses of the Parties to this Agreement:

R.E. Gas Development, L.L.C.
366 Walker Drive
State College, PA 16801
Attention: Mr. F. Scott Hodges,
Senior Vice President, Land & Business Development
(814) 278-7279

EnerVest Energy Institutional Fund IX, LP &
EnerVest Energy Institutional Fund IX-WI, LP
c/o EnerVest Operating, LLC
300 Capitol Street, Suite 200
Charleston, WV 25301
Attention: James D. McKinney, Senior VP and General Manager

5. Oil and Gas Leases and/or Oil and Gas Interests subject to this agreement:

a. See Exhibit "A-1"

*It is understood by the Parties that the working interests listed above are estimates and are subject to change based upon the verification of title, additional leasehold acquired within the Contract Area, and/or the participation or non-participation of unleased mineral interests and/or third parties. The Parties' interests shall be adjusted to reflect the actual interest owned by the Parties in the Contract Area.

EXHIBIT A-1 - MCCLURE SOUTH UNIT MCCLURE 1H - TRACT IDENTIFICATION

Attached to and made a part of that certain Recording Supplement to Operating Agreement & Financing Statement dated June 1, 2015, by and between R. E. Gas Development, LLC, as Operator, and EnerVest Energy Institutional Fund IX, LP and EnerVest Energy Institutional Fund IX-WI, LP, as Non-Operator

Tract	Lease ID	Parcel Number	County	Lessor	Acreege In Unit	Tract % of Unit	Recording
1	UNLEASED	09-0000643.000	Carroll	GAIL RISALITI	0.00108	0.00000247	N/A
2	CHESAPEAKE	09-0000257.000	Carroll	GUESS MOTORS INC	0.03279	0.00007507	201100002178
3	OHCAR0373	09-0001045.000	Carroll	THOMAS W & BEVERLY J SHAFFER	0.05310	0.00012157	201100007081
4	CHESAPEAKE	09-0000383.001	Carroll	WILLIAM ALAN & CAROL L FISK	0.05734	0.00013128	201200005033
5	OHCAR1226	09-0000526.001	Carroll	RICHARD L T & JOY L SMITH	0.06392	0.00014634	201200002566
6	CHESAPEAKE	09-0000258.001	Carroll	LAURA BRINK	0.08080	0.00018499	201300005737
7	OHCAR0373	09-0000082.000	Carroll	THOMAS W & BEVERLY J SHAFFER	0.09115	0.00020868	201100007081
8	OHCAR1080	09-0000973.032	Carroll	MATTHEW W MILLER & SUSAN M BROWN	0.10629	0.00024335	201100007282
9	CHESAPEAKE	09-0000982.000	Carroll	THE TRUST UNDER DECLARATION OF TRUST AGREEMENT OF VIVIAN J GUESS	0.10809	0.00024747	201100002180
10	OHCAR1400	09-0000425.000	Carroll	RAYMOND C. KUGLER	0.11457	0.00026230	201400005493
11	OHCAR1054	09-0001044.001	Carroll	BAUSELL FAMILY TRUST UTA March 26, 1997	0.11670	0.00026718	201100007214
12	CHESAPEAKE	09-0000252.000	Carroll	PAUL E & VIVIAN J GUESS	0.12800	0.00029305	201100002180
13	OHCAR0602	09-0000621.000	Carroll	RONALD L & DARLA K LUCAS	0.13500	0.00030908	201200001130
14	CHESAPEAKE	09-0000626.000	Carroll	CODY D & JULIE M SHOCKEY	0.13948	0.00031933	201100004227
15	OHCAR0852	09-0000973.012	Carroll	DAVID A & MARY ANN ERWIN	0.14041	0.00032146	201200009969
16	OHCAR0249	09-0000187.000	Carroll	DAVID A & MARYANN ERWIN	0.14900	0.00034113	201100005183
17	CHESAPEAKE	09-0000258.000	Carroll	GUESS MOTORS INC	0.15309	0.00035049	201100002178
18	CHESAPEAKE	09-0000952.000	Carroll	CHARLES E & SHIRLEY A JAMES	0.15508	0.00035505	201100002628
19	CHESAPEAKE	09-0001015.000	Carroll	LAURA BRINK	0.15911	0.00036427	201300005737
20	CHESAPEAKE	09-0000953.000	Carroll	CHARLES E & SHIRLEY A JAMES	0.17086	0.00039117	201100002628
21	CHESAPEAKE	09-0000759.000	Carroll	EQUITY TRUST COMPANY CUSTODIAN FBO ERIC R. GOOD IRA	0.18594	0.00042570	201100008261
22	OHCAR0374	09-0000549.000	Carroll	KENNETH R & HELEN J SKINNER	0.20091	0.00045997	201100007082
23	CHESAPEAKE	09-0000160.000	Carroll	MICHAEL L & DEBORAH R DINGESS	0.20312	0.00046503	201200009417
24	OHCAR0029	09-0000234.000	Carroll	GRIGSBY FAMILY REVOCABLE LIVING TRUST UAD 12/1/1994	0.21000	0.00048078	201100003836
25	OHCAR0963	10-0000662.000	Carroll	MONTE L & SHALEEN M SHAVER	0.21628	0.00049516	201100005807
26	OHCAR0221	09-0000882.000	Carroll	RANDY L & JACQUELINE A DEWITT	0.21700	0.00049681	201100004843
27	CHESAPEAKE	09-0000383.002	Carroll	LAURA BRINK	0.22455	0.00051410	201300005737
28	OHCAR0963	09-0000356.000	Carroll	MONTE L & SHALEEN M SHAVER	0.23828	0.00054553	201100005807
29	OHCAR0518A	09-0000600.000	Carroll	CHARLES L & JUDITH L CAPPER	0.04167	0.00009539	201200000356
29	OHCAR0518B	09-0000600.000	Carroll	CRAIG H & PEGGY JO DEIBEL	0.04167	0.00009539	201200000319
29	OHCAR0518C	09-0000600.000	Carroll	MICAH T & BECKY J HARTONG	0.04167	0.00009539	201200000386

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Tract	Lease ID	Parcel Number	County	Lessor	Acreage In Unit	Tract % of Unit	Recording
29	OHCAR0518D	09-0000600.000	Carroll	DONALD J & MARY SUSAN MCCORKLE	0.04167	0.00009539	201200000382
29	OHCAR0518E	09-0000600.000	Carroll	LANNY B & KENDRA A PETERSON	0.041666	0.00009539	201200000387
29	OHCAR0518F	09-0000600.000	Carroll	WILLIAM B & BARBARA PETERSON	0.041666	0.00009539	201200000355
30	UNLEASED	09-0000973.000	Carroll	TIME WARNER CABLE MIDWEST LLC	0.26700	0.00061128	N/A
31	OHCAR1285	09-0000599.001	Carroll	DALE R & LISA L BAKER	0.27300	0.00062502	201200000760
32	CHESAPEAKE	09-0000983.001	Carroll	PAUL E & VIVIAN J GUESS	0.28618	0.00065519	201100002180
33	UNLEASED	09-0000459.000	Carroll	TIME WARNER CABLE MIDWEST LLC	0.29400	0.00067310	N/A
34	OHCAR1114	09-0000973.031	Carroll	SHAWN A & ABRA NEELEY	0.29553	0.00067660	201200004427
35	OHCAR1285	09-0000207.000	Carroll	DALE R & LISA L BAKER	0.31000	0.00070973	201200000760
36	UNLEASED	09-0000449.000	Carroll	RICHARD C & SHIRLEY JANE MOORE	0.32296	0.00073940	N/A
37	OHCAR0602	09-0000622.000	Carroll	RONALD L & DARLA K LUCAS	0.32400	0.00074178	201200001130
38	OHCAR1296	09-0000027.000	Carroll	NILAH J & JAY C ANKROM REVOCABLE LIVING TRUST dated November 24, 2004	0.18600	0.00042584	201200000994
39	OHCAR1154	09-0000973.001	Carroll	DARRELL V & PATRICIA A LOCKE	0.32972	0.00075488	201200003748
40	CHESAPEAKE	09-0000255.000	Carroll	GUESS MOTORS INC	0.34226	0.00078359	201100002178
41	CHESAPEAKE	09-0000624.000	Carroll	BARBARA & JOSEPH BAXTER	0.38000	0.00086999	2011000007626
42	UNLEASED	09-0000450.000	Carroll	RICHARD C & SHIRLEY JANE MOORE	0.40687	0.00093151	N/A
43	OHCAR0738	09-0000816.000	Carroll	BRIAN C & KATHY L JACOBSON	0.38200	0.00087457	201200003355
44	OHCAR0738	09-0000813.000	Carroll	BRIAN C & KATHY L JACOBSON	0.46800	0.00107146	201200003355
45	OHCAR0373	09-0000083.000	Carroll	THOMAS W & BEVERLY J SHAFER	0.41558	0.00095145	201100007081
46	OHCAR0249	09-0000597.001	Carroll	DAVID A & MARYANN ERWIN	0.42000	0.00096157	201100005183
47	OHCAR0738	09-0000765.000	Carroll	BRIAN C & KATHY L JACOBSON	0.45910	0.00105109	201200003355
48	OHCAR0738	09-0000766.000	Carroll	BRIAN C & KATHY L JACOBSON	0.45910	0.00105109	201200003355
49	OHCAR0738	09-0000767.000	Carroll	BRIAN C & KATHY L JACOBSON	0.45910	0.00105109	201200003355
50	OHCAR0788	09-0000800.000	Carroll	DONALD H STATES TRUST II	0.45910	0.00105109	201200004074
51	OHCAR1120	09-0000562.000	Carroll	KEITH J & ATHENA M LUNSFORD	0.45910	0.00105109	201200004181
52	OHCAR0788	09-0000798.000	Carroll	DONALD H STATES TRUST II	0.46000	0.00105315	201200004074
53	OHCAR0132	09-0000946.001	Carroll	BEAU E & MARISSA J BRACE	0.45568	0.00104326	201100005190
54	OHCAR1403	09-0000142.000	Carroll	AARON J & NICOLE L PAULETTE	0.45800	0.00104857	201400006052
55	OHCAR0496	09-0000591.000	Carroll	DEBORAH A PAULETTE	0.50000	0.00114472	201100000377
56	OHCAR0139	09-0000818.000	Carroll	WILLIAM L & CYNTHIA K WELLS	0.45850	0.00104971	201100004418
57	OHCAR0922	09-0000620.000	Carroll	MARSHA F BEADNELL	0.45910	0.00105109	201100005267

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Tract	Lease ID	Parcel Number	County	Lessor	Acreage In Unit	Tract % of Unit	Recording
58	OHCAR0458	09-0000860.000	Carroll	JUDY A & JOHN I LOWDERMILK	0.45800	0.00104857	201100008085
59	OHCAR0210	09-0000810.000	Carroll	JOSEPH B & USA L PHILLIS	0.45910	0.00105109	201100004821
60	OHCAR0829	09-0000415.000	Carroll	LUCAS CHARLES & HEATHER PIATT	0.45000	0.00103025	201200008893
61	OHCAR1054	09-0000857.000	Carroll	BAUSELL FAMILY TRUST UTA March 26, 1998	0.45880	0.00105040	201100007214
62	OHCAR0829	09-0000413.000	Carroll	LUCAS CHARLES & HEATHER PIATT	0.46000	0.00105315	201200008893
63	OHCAR0829	09-0000414.000	Carroll	LUCAS CHARLES & HEATHER PIATT	0.45000	0.00103025	201200008893
64	OHCAR0139	09-0000820.000	Carroll	WILLIAM L & CYNTHIA K WELLS	0.45850	0.00104971	201100004418
65	OHCAR0139	09-0000819.000	Carroll	WILLIAM L & CYNTHIA K WELLS	0.45850	0.00104971	201100004418
66	OHCAR0458	09-0000861.000	Carroll	JUDY A & JOHN I LOWDERMILK	0.45900	0.00105086	201100008085
67	OHCAR1403	09-0000141.000	Carroll	AARON J & NICOLE L PAULETTE	0.45800	0.00104857	201400006052
68	OHCAR1120	09-0000453.000	Carroll	KEITH J & ATHENA M LUNSFORD	0.45910	0.00105109	201200004181
69	OHCAR0995	09-0000514.000	Carroll	ROBERT R GRIMES	0.22955	0.00052554	201100006236
69	OHCAR0995	09-0000514.000	Carroll	GEORGE K & MARILYN J GRIMES	0.22955	0.00052554	201100006236
70	OHCAR0995	09-0000482.000	Carroll	ROBERT R GRIMES	0.22955	0.00052554	201100006236
70	OHCAR0995	09-0000482.000	Carroll	GEORGE K & MARILYN J GRIMES	0.22955	0.00052554	201100006236
71	OHCAR0210	09-0000811.000	Carroll	JOSEPH B & LISA L PHILLIS	0.45910	0.00105109	201100004821
72	OHCAR0788	09-0000799.000	Carroll	DONALD H STATES TRUST II	0.45910	0.00105109	201200004074
73	OHCAR1054	09-0000856.000	Carroll	BAUSELL FAMILY TRUST UTA March 26, 1999	0.46080	0.00105498	201100007214
74	OHCAR1303	09-0000369.000	Carroll	JOHN C & ELIZABETH G WALKER REVOCABLE TRUST dated July 27, 2007	0.46340	0.00106093	201200005141
75	OHCAR1303	09-0000368.000	Carroll	JOHN C & ELIZABETH G WALKER REVOCABLE TRUST dated July 27, 2008	0.34672	0.00079380	201200005141
76	OHCAR1120	09-0000454.000	Carroll	KEITH J & ATHENA M LUNSFORD	0.45910	0.00105109	201200004181
77	OHCAR0294	09-0000793.000	Carroll	GARY D & DOLORES WAGNER (life) & ROBERT D & JUNE M WAGNER (remainderman)	0.50000	0.00114472	201100005186
78	OHCAR0518A	09-0000598.000	Carroll	CHARLES L & JUDITH L CAPPER	0.08330	0.00019071	201200000356
78	OHCAR0518B	09-0000598.000	Carroll	CRAIG H & PEGGY JO DEIBEL	0.08330	0.00019071	201200000319
78	OHCAR0518C	09-0000598.000	Carroll	MICAH T & BECKY J HARTONG	0.08330	0.00019071	201200000386
78	OHCAR0518D	09-0000598.000	Carroll	DONALD J & MARY SUSAN MCCORKLE	0.08330	0.00019071	201200000382
78	OHCAR0518E	09-0000598.000	Carroll	LANNY B & KENDRA A PETERSON	0.08340	0.00019094	201200000387
78	OHCAR0518F	09-0000598.000	Carroll	WILLIAM B & BARBARA PETERSON	0.08340	0.00019094	201200000355
79	OHCAR1120	09-0000452.000	Carroll	KEITH J & ATHENA M LUNSFORD	0.49800	0.00114014	201200004181

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Tract	Lease ID	Parcel Number	County	Lessor	Acreage In Unit	Tract % of Unit	Recording
80	OHCAR0518A	09-0000599.000	Carroll	CHARLES L & JUDITH L CAPPER	0.05283	0.00012095	201200000356
80	OHCAR0518B	09-0000599.000	Carroll	CRAIG H & PEGGY JO DEIBEL	0.05283	0.00012095	201200000319
80	OHCAR0518C	09-0000599.000	Carroll	MICAH T & BECKY J HARTONG	0.05284	0.00012097	201200000386
80	OHCAR0518D	09-0000599.000	Carroll	DONALD J & MARY SUSAN MCCORKLE	0.05284	0.00012097	201200000382
80	OHCAR0518E	09-0000599.000	Carroll	LANNY B & KENDRA A PETERSON	0.05283	0.00012095	201200000387
80	OHCAR0518F	09-0000599.000	Carroll	WILLIAM B & BARBARA PETERSON	0.05283	0.00012095	201200000355
81	OHCAR1120	09-0000563.000	Carroll	KEITH J & ATHENA M LUNSFORD	0.52710	0.00120677	201200004181
82	OHCAR0116	09-0000525.000	Carroll	THOMAS D & ELSIE I MCCONNELL	0.53000	0.00121341	201100004774
83	OHCAR0294	09-0000794.000	Carroll	GARY D & DOLORES WAGNER (lffe) & ROBERT D & JUNE M WAGNER (remainderman)	0.53000	0.00121341	201100005186
84	OHCAR1296	09-0000028.000	Carroll	NILAH J & JAY C ANKROM REVOCABLE LIVING TRUST dated November 24, 2005	0.53873	0.00123339	201200000994
85	CHESAPEAKE	09-0000262.000	Carroll	JOHN R & LINDA K HEPNER	0.55000	0.00125920	201200001603
86	OHCAR1133	09-0000973.030	Carroll	BILL J & EDNA A MULLET	0.56065	0.00128358	201100001108
87	OHCAR0249	09-0000188.000	Carroll	DAVID A & MARYANN ERWIN	0.57500	0.00131643	201100005183
88	OHCAR1296	09-0000029.000	Carroll	NILAH J & JAY C ANKROM REVOCABLE LIVING TRUST dated November 24, 2006	0.69000	0.00157972	201200000994
89	OHCAR0508	09-0000973.026	Carroll	MARIAN F BAXTER	0.58667	0.00134315	201100008124
90	OHCAR1151	09-0000594.000	Carroll	ROBERT D & KAREN TIPTON	0.58000	0.00132788	201200003560
91	CHESAPEAKE	09-0000987.000	Carroll	PAUL E & VIVIAN J GUESS	0.61880	0.00141671	201100002180
92	OHCAR1034	09-0000973.022	Carroll	DUSTIN J & ERICA J SHOCKEY	0.62300	0.00142633	201100004356
93	OHCAR1034	09-0000973.023	Carroll	DUSTIN J & ERICA J SHOCKEY	0.64700	0.00148127	201100004356
94	OHCAR0291	09-0000700.000	Carroll	JEFFREY A & SHELLEY A ALBAUGH	0.64870	0.00148516	201100005217
95	OHCAR0967	09-0000973.021	Carroll	BRANDON D & JOLYNN IRWIN	0.67100	0.00153622	201100004339
96	OHCAR0761	09-0001046.000	Carroll	CARROLL COUNTY PARK DISTRICT	0.68182	0.00156099	201200003048
97	CHESAPEAKE	09-0000886.000	Carroll	LAURA BRINK	0.70389	0.00161152	201300005737
98	OHCAR0409	09-0000839.000	Carroll	PEGGY S SMITH	0.36700	0.00084023	201100008038
98	OHCAR0409	09-0000839.000	Carroll	DAVID W WILLIS	0.36700	0.00084023	201100008038
99	OHCAR0029	09-0000235.000	Carroll	GRIGSBY FAMILY REVOCABLE LIVING TRUST UAD 12/1/1994	0.76000	0.00173998	201100003836
100	OHCAR0291	09-0000813.001	Carroll	JEFFREY A & SHELLEY A ALBAUGH	0.74500	0.00170564	201100005217
101	OHCAR1007	09-0000973.017	Carroll	JAMES W JR & KELLI JO BAKER	0.76900	0.00176058	201100004218
102	UNLEASED	09-0000625.000	Carroll	WILLARD LEE SHAFER JR	0.77600	0.00177661	N/A

EXHIBIT A-1 - MCCLURE SOUTH UNIT MCCLURE 1H - TRACT IDENTIFICATION

Attached to and made a part of that certain Recording Supplement to Operating Agreement & Financing Statement dated June 1, 2015, by and between R.E. Gas Development, LLC, as Operator, and EnerVest Energy Institutional Fund IX, LP and EnerVest Energy Institutional Fund IX-WI, LP, as Non-Operator

Tract	Lease ID	Parcel Number	County	Lessor	Acree In Unit	Tract % of Unit	Recording
103	OHCAR1405	09-0000004.000	Carroll	JUDITH G ABEL	0.74100	0.00169648	201400006050
104	OHCAR0508	09-0000973.027	Carroll	MARIAN F BAXTER	0.89100	0.00203990	201100008124
105	OHCAR0256	09-0000808.000	Carroll	BILLY N SIMMONS	0.91700	0.00209942	201100005431
106	OHCAR1044	09-0000973.016	Carroll	CYNTHIA A & BRAD BAUGHMAN	0.92300	0.00211316	201100004217
107	OHCAR0670	09-0000909.000	Carroll	HOWARD H & JANICE R HOLLAND	0.91800	0.00210171	201200002737
108	OHCAR0508	09-0000973.025	Carroll	MARIAN F BAXTER	0.93583	0.00214253	201100008124
109	OHCAR0442	09-0000950.000	Carroll	MICHAEL W & DIANNE L THURSTON	0.91800	0.00210171	201100008116
110	OHCAR0107	09-0000574.000	Carroll	PACKEY P VELLECA	0.98000	0.00224366	201100004474
111	OHCAR0294	09-0000795.000	Carroll	GARY D & DOLORES WAGNER (life) & ROBERT D & JUNE M WAGNER (remainderman)	1.00000	0.00228945	201100005186
112	OHCAR1160	09-0000973.013	Carroll	CRAIG D II & JESSICA E RODGERS	0.98783	0.00226158	201200003954
113	OHCAR1053	09-0000973.015	Carroll	MICHAEL D & NATALE L WITTS	0.99600	0.00228029	201100004969
114	OHCAR0205	09-0000367.000	Carroll	EDWARD G & MARY HUFFMAN REVOCABLE LIVING TRUST, dated April 8, 2000	1.00000	0.00228945	201100004819
115	OHCAR0189	09-0000602.000	Carroll	ENVIRONMENTAL LAND & MANAGEMENT LLC	1.00000	0.00228945	201100005863
116	OHCAR0107	09-0000575.000	Carroll	PACKEY P VELLECA	1.08700	0.00248863	201100004474
117	OHCAR1410	09-0000973.014	Carroll	EVERETT K & JEAN HOSEY (life estate) AND STEVEN E HOSEY	0.25500	0.00058381	201500000310
117	OHCAR1410	09-0000973.014	Carroll	EVERETT K & JEAN HOSEY (life estate) AND DIANN C & CRAIG M SPARR	0.25500	0.00058381	201500000310
117	OHCAR1410	09-0000973.014	Carroll	EVERETT K & JEAN HOSEY (life estate) AND AMY J & DAVID F GOLDSTEIN	0.25500	0.00058381	201500000310
117	OHCAR1410	09-0000973.014	Carroll	EVERETT K & JEAN HOSEY (life estate) AND MARYELLYN & MICHAEL R MONIGOLD	0.25500	0.00058381	201500000310
118	OHCAR0189	09-0000575.001	Carroll	ENVIRONMENTAL LAND & MANAGEMENT LLC	1.05300	0.00241079	201100005863
119	OHCAR0005	09-0000595.000	Carroll	THE PETERSON FAMILY REVOCABLE TRUST UAD April 25, 2005	1.06700	0.00244284	201100004447
120	OHCAR0670	09-0001047.001	Carroll	HOWARD H & JANICE R HOLLAND	1.03300	0.00236500	201200002737
121	OHCAR0652	09-0000973.018	Carroll	NICHOLAS T & AMY J SUTTON	1.09000	0.00249550	201200001125
122	OHCAR0205	09-0000573.000	Carroll	EDWARD G & MARY HUFFMAN REVOCABLE LIVING TRUST, dated April 8, 2000	1.09200	0.00250008	201100004819
123	OHCAR0442	09-0001047.002	Carroll	MICHAEL W & DIANNE L THURSTON	1.03300	0.00236500	201100008116
124	OHCAR0979	09-0000973.020	Carroll	DONALD T & MARY ROSE LALINSKY	1.11000	0.00254129	201100006046
125	UNLEASED	09-0000973.029	Carroll	BRUCE E & CYNTHIA K ARBOGAST	1.19600	0.00273818	N/A

EXHIBIT A-1 - MCCLURE SOUTH UNIT MCCLURE 1H - TRACT IDENTIFICATION

Attached to and made a part of that certain Recording Supplement to Operating Agreement & Financing Statement dated June 1, 2015, by and between R.E. Gas Development, LLC, as Operator, and EnerVest Energy Institutional Fund IX, LP and EnerVest Energy Institutional Fund IX-WI, LP, as Non-Operator

Tract	Lease ID	Parcel Number	County	Lessor	Acreege In Unit	Tract % of Unit	Recording
126	OHCAR1226	09-0000946.000	Carroll	RICHARD L T & JOY L SMITH	1.25294	0.00286854	201200002566
127	OHCAR1006	09-0000973.024	Carroll	KEVIN T & KRISTEN E KEYSER	1.26853	0.00290423	201100004219
128	OHCAR0374	09-0001050.000	Carroll	KENNETH R & HELEN J SKINNER	1.27807	0.00292607	201100007082
129	OHCAR0210	09-0000929.000	Carroll	JOSEPH B & LISA L PHILLIS	1.46200	0.00334717	201100004821
130	OHCAR0256	09-0000927.000	Carroll	BILLY N SIMMONS	1.54100	0.00352804	201100005431
131	OHCAR0973	09-0000973.019	Carroll	SHAUN E & MISTY M BURCHFIELD	3.16900	0.00725526	201100005835
132	OHCAR0979	09-0000973.033	Carroll	DONALD T & MARY ROSE LALINSKY	1.63580	0.00374508	201100006046
133	OHCAR0132	09-0000947.000	Carroll	BEAU E & MARISSA J BRACE	1.66269	0.00380664	201100005190
134	OHCAR1244	09-0000973.028	Carroll	JAMES C & GEORGIANN HILL	1.69600	0.00388290	201200002134
135	OHCAR0116	09-0000526.000	Carroll	THOMAS D & ELSIE I MCCONNELL	1.70160	0.00389572	201100004774
136	OHCAR1120	09-0001048.000	Carroll	KEITH J & ATHENA M LUNSFORD	1.78400	0.00408437	201200004181
137	OHCAR0256	09-0001047.003	Carroll	BILLY N SIMMONS	1.81000	0.00414390	201100005431
138	CHESAPEAKE	09-0000981.000	Carroll	TRUST UNDER THIRD RESTATEMENT OF DECLARATION OF TRUST, DATED SEPTEMBER 28, 2010	1.85150	0.00423891	201100002180
139	OHCAR0222	09-0001044.000	Carroll	ROBERT D III & EMIE J MAPLE	1.86900	0.00427898	201100004844
140	OHCAR1404	SALINEVILLE RD NE	Carroll	GENEVEVE E PETERSON	2.32038	0.00531238	201400006051
141	OHCAR0221	09-0000989.000	Carroll	RANDY L & JACQUELINE A DEWITT	2.43500	0.00557480	201100004843
142	OHCAR1303	09-0000140.001	Carroll	JOHN C & ELIZABETH G WALKER REVOCABLE TRUST dated July 27, 2009	2.52300	0.00577628	201200005141
143	OHCAR0878	09-0000140.000	Carroll	AARON J & NICOLE L PAULETTE	2.52300	0.00577628	201200004998
144	CHESAPEAKE	09-0000984.000	Carroll	TRUST UNDER THIRD RESTATEMENT OF DECLARATION OF TRUST, DATED SEPTEMBER 28, 2010	2.60450	0.00596287	201100002180
145	OHCAR0518A	09-0000597.002	Carroll	CHARLES L & JUDITH L CAPPER	0.43170	0.00098835	201200000356
145	OHCAR0518B	09-0000597.002	Carroll	CRAIG H & PEGGY JO DEIBEL	0.43170	0.00098835	201200000319
145	OHCAR0518C	09-0000597.002	Carroll	MICAH T & BECKY J HARTONG	0.43170	0.00098835	201200000386
145	OHCAR0518D	09-0000597.002	Carroll	DONALD J & MARY SUSAN MCCORKLE	0.43170	0.00098835	201200000382
145	OHCAR0518E	09-0000597.002	Carroll	LANNY B & KENDRA A PETERSON	0.43160	0.00098813	201200000387
145	OHCAR0518F	09-0000597.002	Carroll	WILLIAM B & BARBARA PETERSON	0.43160	0.00098813	201200000355
146	OHCAR0458	09-0000862.000	Carroll	JUDY A & JOHN I LOWDERMILK	2.79278	0.00639392	201100008085
147	OHCAR1321	09-0000948.000	Carroll	ANTHONY & LINDA S DESIMONE	2.80600	0.00642419	201200001692
148	CHESAPEAKE	09-0000084.001	Carroll	CARROLLTON ASSEMBLY OF GOD, INC	3.08078	0.00705328	201100005441
149	OHCAR1401A	WOOD RD SE	Carroll	DONNA J. OWENS	1.55504	0.00356018	201400005494

EXHIBIT A-1 - MCCLURE SOUTH UNIT MCCLURE 1H - TRACT IDENTIFICATION

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Tract	Lease ID	Parcel Number	County	Lessor	Acreage In Unit	Tract % of Unit	Recording
149	OHCAR1401B	WOOD RD SE	Carroll	LOUIS S. KIBSGARD, TRUSTEE U/D/T dated MAY 21, 1997, F/B/O LOUIS S. KIBSGARD	1.55504	0.003356018	2014000005495
150	OHCAR0273	09-0000806.000	Carroll	LARRY R & MARILYN K WARNER	3.00000	0.00686834	2011000005456
151	CHESAPEAKE	09-0000246.000	Carroll	G.F. FARM FAMILY LP	3.32870	0.00762088	2011000004456
152	OHCAR0139	09-0000821.000	Carroll	WILLIAM L & CYNTHIA K WELLS	3.56000	0.00815043	2011000004418
153	OHCAR0772	09-0000796.000	Carroll	VERA MAE PRINKEY	3.70700	0.00848698	2012000003372
154	OHCAR0242	09-0000215.001	Carroll	LAWRENCE L & CYNTHIA K WOOD	4.28110	0.00980135	2011000005427
155	OHCAR0273	09-0000807.000	Carroll	LARRY R & MARILYN K WARNER	4.00000	0.00915779	2011000005456
156	OHCAR0878	09-0001047.011	Carroll	AARON J & NICOLE L PAULETTE	5.10000	0.01167618	2012000004998
157	OHCAR1100	09-0001047.012	Carroll	JOHN KAVADAS	5.26986	0.01206507	2011000001369
158	OHCAR0303	09-0000215.000	Carroll	RICHARD T & LISA L TRUMAN	5.90400	0.01351690	2011000005463
159	OHCAR0940	09-0001047.007	Carroll	AARON J PAULETTE	5.73700	0.01313456	2009000003871
160	OHCAR0940	09-0001047.008	Carroll	AARON J PAULETTE	6.18400	0.01415794	2009000003871
161	OHCAR0236	09-0000008.000	Carroll	JAMES B & BETH A RININGER	6.92000	0.01584298	2011000004860
162	OHCAR1303	09-0001047.009	Carroll	JOHN C & ELIZABETH G WALKER REVOCABLE TRUST dated July 27, 2010	6.88900	0.01577200	2012000005141
163	OHCAR1301	09-0001047.005	Carroll	KELLIE & SCOTT SMITH	7.41700	0.01698083	2012000001262
164	OHCAR0942	09-0001047.010	Carroll	WOOD RD, LLC	6.85500	0.01569416	2011000005268
165	OHCAR0940	09-0001047.006	Carroll	AARON J PAULETTE	7.24000	0.01657560	2009000003871
166	OHCAR0139	09-0000214.000	Carroll	WILLIAM L & CYNTHIA K WELLS	8.32000	0.01904820	2011000004418
167	GULFPORT	09-0000693.000	Carroll	ENVIRONMENTAL L&M LLC	8.26451	0.01892116	2011000002613
168	OHCAR1191	09-0001047.000	Carroll	MICHAEL J & LISA R LESLIE	8.20800	0.01879178	2010000003321
169	CHESAPEAKE	09-0000084.000	Carroll	CARROLLTON ASSEMBLY OF GOD, INC	9.61768	0.022201917	2011000005441
170	OHCAR0918	09-0000227.000	Carroll	DONNA K MILLER	11.79300	0.02699945	2011000005255
171	OHCAR1191	09-0001047.004	Carroll	MICHAEL J & LISA R LESLIE	12.08600	0.02767026	2010000003321
172	OHCAR0761	09-0000597.000	Carroll	CARROLL COUNTY PARK DISTRICT	14.27916	0.03269138	2012000003048
173	OHCAR0236	09-0000011.000	Carroll	JAMES B & BETH A RININGER	15.51266	0.03551542	2011000004860
174	OHCAR0006	09-0000002.000	Carroll	DENNIS D & THERESA R MILLER	37.62594	0.08614261	2011000004763
175	CHESAPEAKE	09-0000012.000	Carroll	JUDITH G ABEL	39.18255	0.08970638	2008000002965
176	CHESAPEAKE	09-0000245.000	Carroll	G.F. FARM FAMILY LP	73.39958	0.16804447	2011000004456

436,78665 1.00000000

**STATE OF OHIO
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :
R.E. Gas Development, LLC for : Application Date: December 3, 2015
Unit Operation :
: :
: :
McClure South Unit :

AFFIDAVIT OF OWNERSHIP

I, Matt Metheney, being first duly cautioned and sworn, do hereby depose and state as follows:

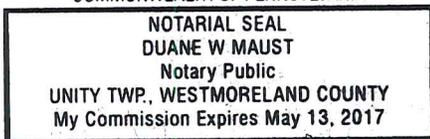
1. My name is Matt Metheney and I am a Land Manager with R.E. Gas Development, LLC ("Applicant"). My day-to-day responsibilities include work as the primary point of contact for landowners in the Ohio area of operations. I also assist with leasing, rights-of-way for waterlines, negotiating well sites, damage settlements and promoting a positive relationship between Applicant and landowners. My duties regularly require me to coordinate my efforts with contractors associated with multi-well field development efforts, for the Applicant in the State of Ohio, and I have personal knowledge of the facts stated herein.

2. Pursuant to Ohio Revised Code § 1509.28, the Applicant has filed an application with the Chief of the Division of Oil and Gas Resources Management requesting an order authorizing Applicant to operate the Unitized Formation and applicable land area, identified as the McClure South Unit, according to the Unit Plan attached thereto (the "Application") (as those terms are used and defined therein). The McClure South Unit is located in Carroll County, Ohio, and consists of One Hundred Forty-Seven (147) separate tracts of land covering approximately 402.51412 acres.

3. As of the Application Date set forth above, the Applicant and the Working Interest Owners supporting the Application are the owners, as that term is defined in Ohio Revised Code § 1509.01(K), of at least 65% of the land overlying the Unitized Formation, as outlined in Exhibit A attached hereto.

Further sayeth Affiant naught.

COMMONWEALTH OF PENNSYLVANIA




Matt Metheney

Sworn to and subscribed before me this 4th day of December, 2015.


Notary Public

**STATE OF OHIO
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :
R.E. Gas Development, LLC for : Application Date: December 3, 2015
Unit Operation :
: :
: :
McClure South Unit :

LEASE AFFIDAVIT

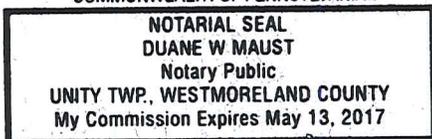
I, Matt Metheney, being first duly cautioned and sworn, do hereby depose and state as follows:

1. My name is Matt Metheney and I am a Land Manager with R.E. Gas Development, LLC ("Applicant"). My day-to-day responsibilities include work as the primary point of contact for landowners in the Ohio area of operations. I also assist with leasing, rights-of-way for waterlines, negotiating well sites, damage settlements and promoting a positive relationship between Applicant and landowners. My duties regularly require me to coordinate my efforts with contractors associated with multi-well field development efforts, for the Applicant in the State of Ohio, and I have personal knowledge of the facts stated herein.

2. Pursuant to Ohio Revised Code § 1509.28, the Applicant has filed an application with the Chief of the Division of Oil and Gas Resources Management requesting an order authorizing Applicant to operate the Unitized Formation and applicable land area, identified as the McClure South Unit, according to the Unit Plan attached thereto (the "Application") (as those terms are used and defined therein). The McClure South Unit is located in Carroll County, Ohio, and consists of One Hundred Forty-Seven (147) separate tracts of land covering approximately 402.51412 acres.

3. To my knowledge the Applicant holds a valid lease agreement pertaining to all of the Applicant's acreage that is held under lease, as described in Exhibit A-2 and A-4 of the Unit Operating Agreement attached to the Application.

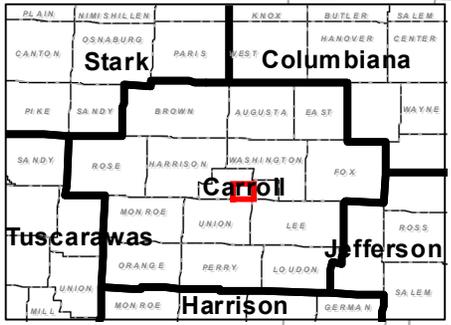
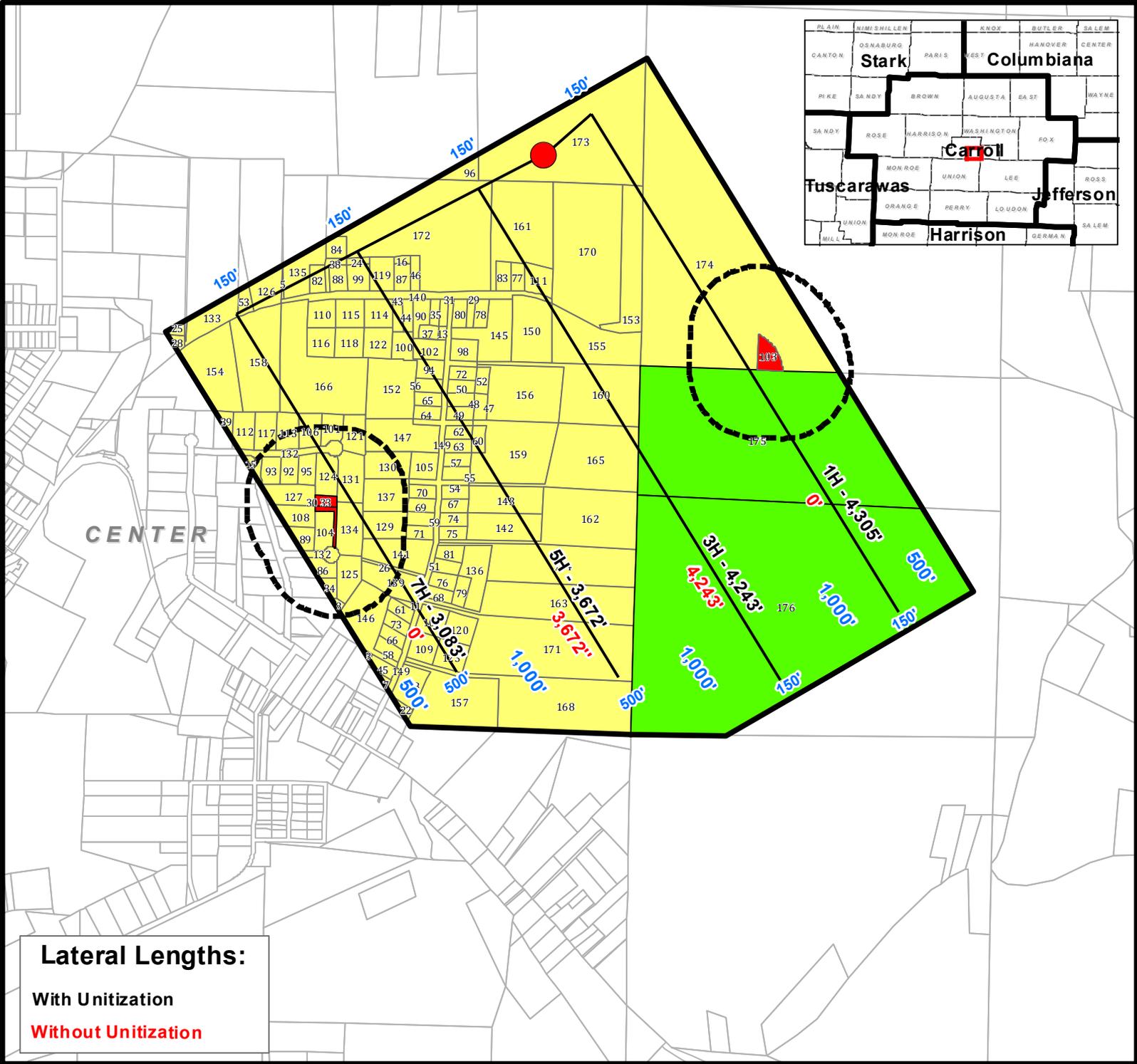
Further sayeth Affiant naught.
COMMONWEALTH OF PENNSYLVANIA




Matt Metheney

Sworn to and subscribed before me this 4th day of December, 2015.


Notary Public



Land Exhibit 3

Unit Acres: 402.51412

McClure South Unit
Center Township
Carroll County, OH

- Pad Sites
- Laterals
- 500' Set-Back
- Unit Boundary
- REX ENERGY
- CHESAPEAKE
- OPEN



1 inch = 1,000 feet
1,000 Feet



366 Walker Drive
State College, PA 16801
Phone: (814) 278-7267 Fax: (814) 278-7286
www.RexEnergy.com

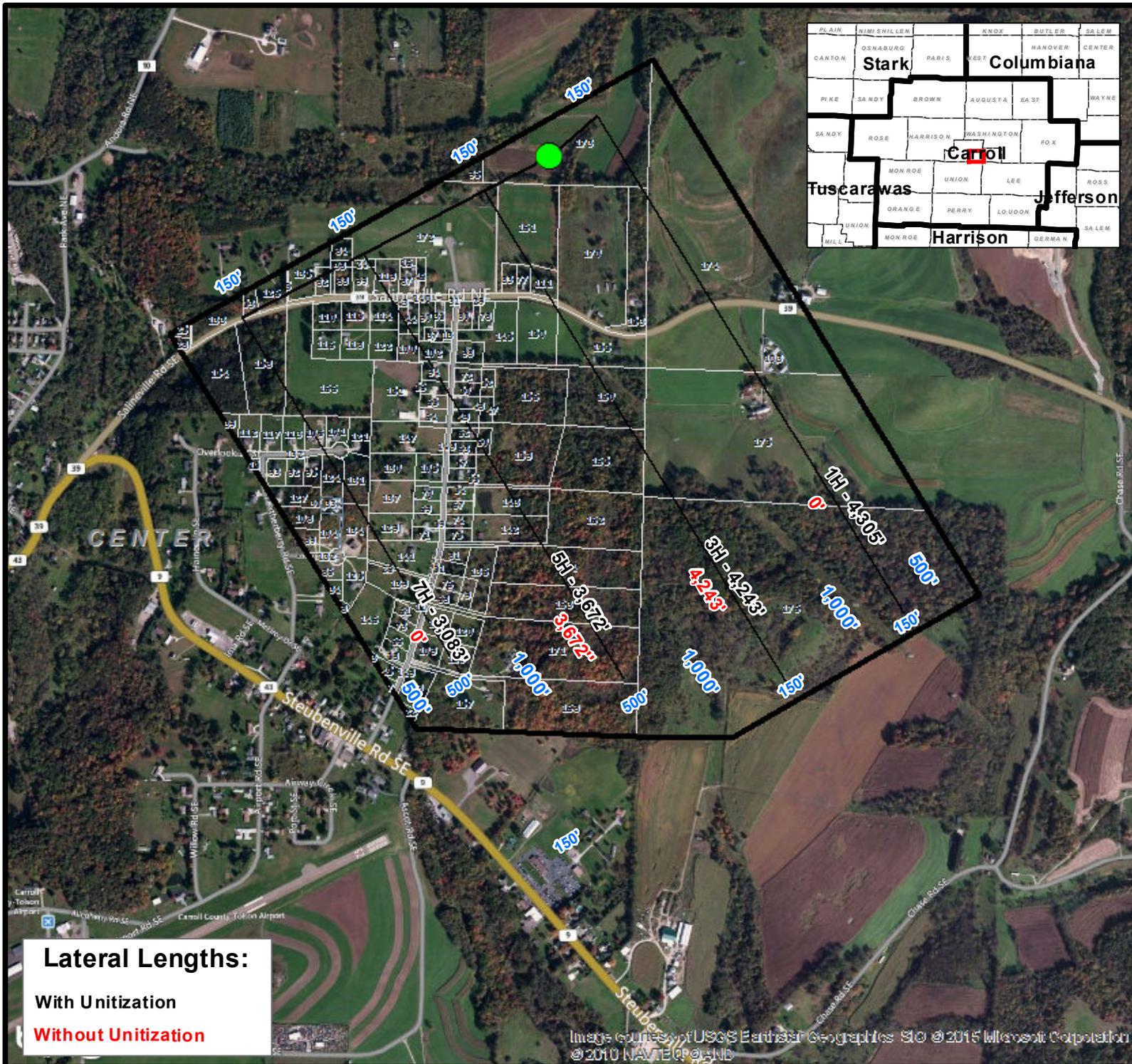
Lateral Lengths:

With Unitization

Without Unitization

NAD_1983_StatePlane_Ohio_North_Feet
Projection: Lambert_Conformal_Conic
Linear Unit: Feet
Datum: D_North_American_1983

R:\Ohio\Warrior_North\Units\McClure South\Unitization\McClure South Land Exhibit 3.mxd



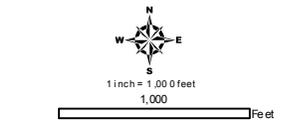
PLAIN	NAMI SWILLEN	SWOX	BUTLER	SALEM
CANTON	OSNABURG	Stark	WEST	Columbiana
RIKE	SANDY	BROWN	AUGUSTA	EA ST
SANDY	ROSE	HARRISON	WASHINGTON	FOX
	MONROE	UNION	LEE	ROSS
UNION	ORANGE	PERRY	LOU DOOR	JEFFERSON
MILL	MONROE	Harrison	GERMAN	SALEM

Land Exhibit 4

Unit Acres: 402.51412

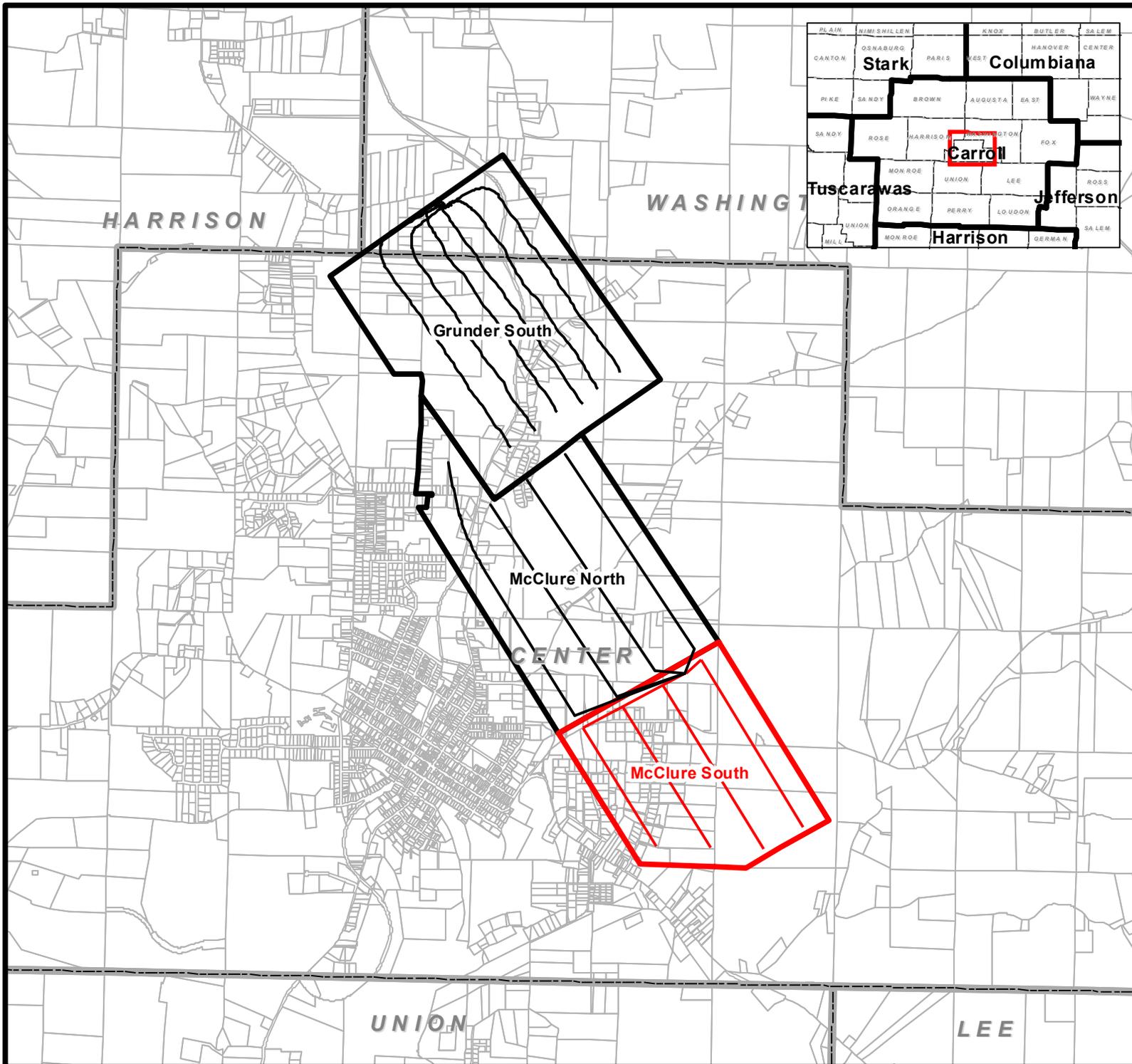
McClure South Unit
 Center Township
 Carroll County, OH

-  Pad Sites
-  Laterals
-  Unit Boundary
-  LEASED
-  OPEN



REX ENERGY
 366 Walker Drive
 State College, PA 16801
 Phone: (814) 278-7267 Fax: (814) 278-7286
www.RexEnergy.com

NAD_1983_StatePlane_Ohio_North_Feet
 Projection: Lambert_Conformal_Conic
 Linear Unit: Feet
 Datum: D_North_American_1983
 R:\Ohio\Warrior_North\Units\McClure South
 Unitization\McClure South Land Exhibit 4.mxd



Land Exhibit 5

Unit Acres: 402.51412

McClure South Unit
Center Township
Carroll County, OH

- McClure South
- Adjacent Units



1 inch = 3,000 feet
3,000

Feet



366 Walker Drive
State College, PA 16801
Phone: (814) 278-7267 Fax: (814) 278-7286
www.RexEnergy.com

NAD_1983_StatePlane_Ohio_North_Feet
Projection: Lambert_Conformal_Conic
Linear Unit: Feet
Datum: D_North_American_1983
R:\Ohio\Warrior_North\Units\McClure South\Utilization\
McClure South Land Exhibit 5.mxd

STATE OF OHIO

**DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :
 R.E. Gas Development, LLC for : Application Date: December 3, 2015
 Unit Operation :
 :
McClure South Unit :

**AFFIDAVIT OF MATT METHENEY
(CONTACTS – UNLEASED MINERAL OWNERS AND UNCOMMITTED
WORKING INTEREST OWNERS)**

I, Matt Metheney, being first duly cautioned and sworn, do hereby depose and state as follows:

1. My name is Matt Metheney and I am a Land Manager with R.E. Gas Development, LLC (“Applicant”). My day-to-day responsibilities include work as the primary point of contact for landowners in the Ohio area of operations. I also assist with leasing, rights-of-way for waterlines, negotiating well sites, damage settlements and promoting a positive relationship between Applicant and landowners. My duties regularly require me to coordinate my efforts with contractors associated with multi-well field development efforts, for the Applicant in the State of Ohio, and I have personal knowledge of the facts stated herein.

2. As part of those responsibilities, I work with and supervise contractors representing Applicant who contact landowners and obtain oil and gas leases on behalf of Applicant, including individuals from Western Land Services (“Contractor”).

3. I have received reports of contacts and attempts to contact that Contractor has made to lease unleased lands within the McClure South Unit. Further, I have personal knowledge of contacts that I have made and attempted to make on behalf of Applicant to lease unleased lands within the McClure South Unit. Those efforts are detailed below.

4. Regarding the following tract, the following contacts were made or attempted:

Parcel No. 09-0000004.000 (Tract 103)

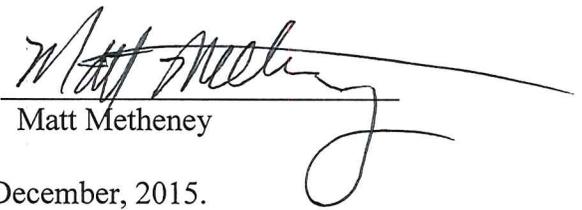
Owner’s Name: Marian E. Abel, et al (Minerals) (“Current Owners”)

<u>Date</u>	<u>Party Contacted</u>	<u>By Whom</u>	<u>Method</u>	<u>Address of Contact</u>	<u>Response</u>
5/8/15	None	Matt Metheney	N/A	N/A	Matt was notified that this parcel had a mineral reservation from 1967 and that the lease that had been previously taken with surface owner, Judith Abel, was not valid.
5/12/15	Marian E. Abel	Matt Metheney	Telephone	N/A	Matt made contact with Ms. Marian Abel and explained that she owned 50% of the minerals and set up a meeting for 5/19/15.

5/13/12	Julie A. Krem-pasky	Matt Metheney		Matt located a phone number in Tucson, AZ for one of the three heirs to Paul Rowland's 50% interest. Matt left a detailed message.
5/19/15	Marian E. Abel	Matt Metheney	In Person	729 Windamere Drive SW, Carrollton, OH 44615 Matt met with Ms. Abel and went over the heirship affidavit and provided her with a lease proposal. Offer was a No Surface Use lease, \$3500 PNMA & 20% gross proceeds royalty rate. Matt explained this would cover her 50% ownership of the oil and gas rights. She had no useful information concerning the remaining heirs.
5/20/15	Julie A. Krem-pasky & Lisa Abrahamsen	Matt Metheney	UPS Ground & Telephone	2590 E. Calle Sin Pecado, Tucson, AZ 85718 & left message on VM Matt mailed a letter to Julie that explained the heirship situation and Rex's desire to lease. Matt also located a number for Julie's sister, Lisa (heir) and left a detailed message on her VM.
5/26/15	Michael P. Rowland	Matt Metheney	UPS Ground	230 Clipper Bay Drive, Alpharetta, GA 30005 Matt mailed a letter to Michael that explained the heirship situation and Rex's desire to lease.
5/27/15	Marian Abel	Matt Metheney	Telephone	Matt spoke with Marian and she indicated that she should be ready to sign her lease in a week or so and that her daughter had made contact with Julie Krempasky and explained the heirship issue. According to Ms. Abel, the three siblings (heirs) are supposed to get in contact with me now that they understand what it is about.
6/3/15	Marian Abel	Matt Metheney	In person	Matt met with Ms. Abel and she signed a OGL & Affidavit of Heirship. Her 50% interest is now leased.
6/11-6/29/15	Julie Krempasky	Matt Metheney	Emails	Matt exchanged a few emails with Julie about leasing her interest in Carroll County. He answered several questions that she had about leasing and O & G in Ohio.
7/15/15	Michael P. Rowland & Kathleen Rowland	Matt Metheney	Mail	Matt had sent Michael a lease proposal and Michael & his wife, Kathleen signed a lease and mailed back to Matt.

7/28/15	Julie Krempasky	Matt Metheny	Email	Matt received an email from Julie with some additional questions and asked for a lease proposal to look over. Matt emailed her back and explained that the unit may be traded with Chesapeake and he would get back in contact with her if leasing would resume so that she could review the proposal.
11/5/15	Julie Krempasky	Matt Metheny	Email	Matt emailed Julie that Rex was moving ahead with unitization of the McClure S unit and sent her a lease proposal to review. Julie emailed Matt back and thanked him for the update and asked that he send an email and proposal to her sister, Lisa Abrahamsen.
11/9/15	Lisa Abrahamsen	Matt Metheny	Email	Matt sent Lisa an update and a lease proposal to review.
11/16/15	Julie Krempasky & Lisa Abrahamsen	Matt Metheny	Emails	Matt sent an email to both sisters, informing them about the ODNR hearing date of 12/17/15 and that Rex would like to enter into a voluntary lease with them asap. Julie emailed Matt back the next day and stated that she would get back in touch with him.

Further sayeth Affiant naught.


 Matt Metheny

Sworn to and subscribed before me this 4th day of December, 2015.

COMMONWEALTH OF PENNSYLVANIA
 NOTARIAL SEAL
 Richard L. Shackelford Jr., Notary Public
 Cranberry Twp., Butler County
 My Commission Expires March 2, 2019
 MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES


 Notary Public

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**STATE OF OHIO
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT**

In re the Matter of the Application of :
R.E. Gas Development, LLC for : Application Date: December 3, 2015
Unit Operation :
:
:
McClure South Unit :

**AFFIDAVIT OF MATT METHENEY
(CONTACTS – UNLEASED MINERAL OWNERS AND UNCOMMITTED
WORKING INTEREST OWNERS)**

I, Matt Metheney, being first duly cautioned and sworn, do hereby depose and state as follows:

1. My name is Matt Metheney and I am a Senior Landman with R.E. Gas Development, LLC (“Applicant”). My day-to-day responsibilities include work as the primary point of contact for landowners in the Ohio area of operations. I also assist with leasing, rights-of-way for waterlines, negotiating well sites, damage settlements and promoting a positive relationship between Applicant and landowners. My duties regularly require me to coordinate my efforts with contractors associated with multi-well field development efforts, for the Applicant in the State of Ohio, and I have personal knowledge of the facts stated herein.

2. As part of those responsibilities, I work with and supervise contractors representing Applicant who contact landowners and obtain oil and gas leases on behalf of Applicant, including individuals from Western Land Services (“Contractor”).

3. I have received reports of contacts and attempts to contact that Contractor has made to lease unleased lands within the McClure South Unit. Further, I have personal knowledge of contacts that I have made and attempted to make on behalf of Applicant to lease unleased lands within the McClure South Unit. Those efforts are detailed below.

4. Regarding the following tract, the following contacts were made or attempted:

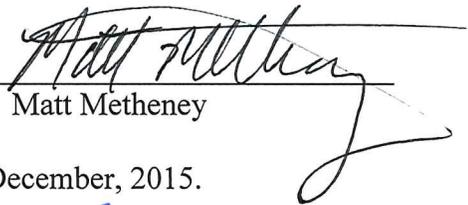
Parcel No. 09-0000973.000 & 09-0000459.000 (Tracts 30 & 33)

Owner’s Name: Time Warner Cable Midwest LLC (“Current Owners”)

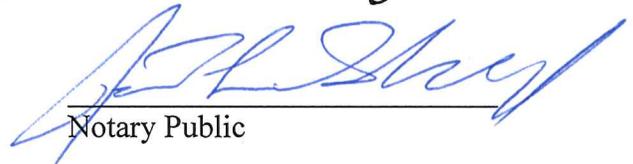
<u>Date</u>	<u>Party Contacted</u>	<u>By Whom</u>	<u>Method</u>	<u>Address of Contact</u>	<u>Response</u>
7/31/14	George Klopp (Facilities Manager for Ohio)	Paul Meyers	Telephone	N/A	Paul left a message for Mr. Klopp
8/6/14	George Klopp (Facilities Manager for Ohio)	Paul Meyers	Telephone	N/A	Left message on voicemail for Mr. Klopp
8/12/14	George Klopp (Facilities Manager for Ohio)	Matt Metheney	U.S. Mail (Certified)	11700 Princeton Road, Cincinnati, OH 45248	Matt prepared a letter and lease proposal and sent certified mail. Proposal was a No Surface Use lease, \$4000 PNMA & 20% gross proceeds royalty rate.

5/20/15	Real Estate Dept.	Matt Metheney	UPS Next Day Air Service	7820 Crescent Executive Drive, Charlotte, NC 28217	Matt mailed a letter and lease proposal to the corporate office of Time Warner Cable Midwest, LLC. Proposal was a No Surface Use lease, \$4000 PNMA & 20% gross proceeds royalty rate.
11/24/15	George Klopp (Facilities Manager for Ohio)	Matt Metheney	Telephone	N/A	Number that we had left messages for Mr. Klopp on previously is no longer in service.

Further sayeth Affiant naught.


 Matt Metheney

Sworn to and subscribed before me this 4th day of December, 2015.


 Notary Public

COMMONWEALTH OF PENNSYLVANIA
 NOTARIAL SEAL
 Richard L. Shackelford Jr., Notary Public
 Cranberry Twp., Butler County
 My Commission Expires March 2, 2019
 MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

STATE OF OHIO
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS RESOURCES MANAGEMENT

In re the Matter of the Application of R.E. Gas Development, LLC for Unit Operation :
: Application Date: 12/03/2015
: McClure South Unit :
:

**AFFIDAVIT OF BRAD M. HALLAM
(CONTACTS –UNCOMMITTED WORKING INTEREST OWNERS)**

I, Brad M. Hallam, being first duly cautioned and sworn, do hereby depose and state as follows:

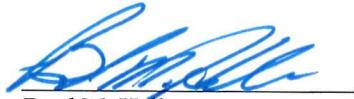
1. My name is Brad M. Hallam and I am the Sr. Director of Business Development with R.E. Gas Development, LLC (“Applicant”). My day-to-day responsibilities include working to improve Applicant’s market position and achieve financial growth through channel strategies, partner relationships, technical insight and revenue targets, in order to drive growth and value from our prospective and current managed services.

2. I also assist in locating or proposing potential business deals by contacting potential partners; discovering and exploring opportunities between Applicant and working interest partners. My duties also include closing new business deals by coordinating requirements; developing and negotiating contracts; and integrating contract requirements with business operations.

3. Regarding the McClure South Unit, the following contacts were made or attempted:

- On 6/25/2015, I was informed via email from Matt Johnson, Chesapeake’s Landman, that they will not be participating in the McClure wells, and would account for the acreage in a proposed Lease Exchange Agreement that both Parties have been negotiating.
- On 7/2/2015, I received the first draft of Chesapeake’s Lease Exchange Agreement, including TOTAL E&P USA as a Party to the trade.
- On 8/19/2015, I was informed via email that Chesapeake will include EnerVest’s interest in the Lease Exchange Agreement. EnerVest will not be a Party to the Trade, however Chesapeake will trade their interests prior to closing the trade with R.E. Gas Development, therefore acquiring the interest owned by EnerVest.
- Chesapeake, TOTAL and R.E. Gas Development are in the process of finalizing the Lease Exchange Agreement, including their acreage in the McClure South unit.

Further sayeth Affiant naught.


Brad M. Hallam

Sworn to and subscribed before me this 4th day of December, 2015.


Notary Public

