

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

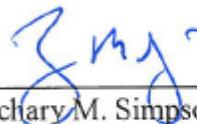
In re the Matter of the Application of :
Gulfport Energy Corporation, for :
Unit Operation : Application Date: December 15, 2015
 : Supplement Date: April 19, 2016
Alpha East Unit :

FIRST SUPPLEMENT TO APPLICATION

On December 15, 2015, Gulfport Energy Corporation (“Gulfport”) filed an application with the Ohio Department of Natural Resources Division of Oil and Gas Resources Management (the “Division”) for unit operation of the Alpha East Unit located in Belmont County, Ohio (the “Unitization Application”). Gulfport files this First Supplement to Application to reflect the following changes:

- Revised Unitization Application
- Revised Exhibit A-2 and A-3 to the Unit Operating Agreement
- Revised Exhibit 4 – Prepared Testimony of Danny Watson
- Revised Exhibit DW-1 and DW-2 to Danny Watson’s Prepared Testimony
- Revised Exhibit 5 - Prepared Testimony of Jenae McCuiston
- Requested the Addition of Exhibit JM 1.6 to the Prepared Testimony of Jenae McCuiston since we now have all party names under the Static side to DMA under Tract 9
- Revised Exhibits JM-2 and JM-4
- Revised Exhibit 6.1 to Exhibit 6 - Gulfport’s Working Interest Owner Approval Form.

Respectfully submitted,



Zachary M. Simpson (0089862)
GULFPORT ENERGY CORPORATION
14313 North May Avenue, Suite 100
Oklahoma City, Oklahoma 73134

Attorney for Applicant

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

In re the Matter of the Application of :
Gulfport Energy Corporation, for :
Unit Operation : Application Date: December 15, 2015
: Supplement Date: April 19, 2016
Alpha East Unit :

**APPLICATION OF GULFPORT ENERGY CORPORATION
FOR UNIT OPERATION**

Zachary M. Simpson (0089862)
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EXHIBITS

Exhibit 1 Unit Agreement

Exhibit 2 Unit Operating Agreement

Exhibit 3 Prepared Direct Testimony of Michael Buckner (“Geologist”)

Exhibit 4 Prepared Direct Testimony of Danny Watson (“Reservoir Engineer”)

Exhibit 5 Prepared Direct Testimony of Jenae McCuistion (“Landman”)

Exhibit 6 Working Interest Owner Approval

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

In re the Matter of the Application of :
Gulfport Energy Corporation, for :
Unit Operation : Application Date: December 15, 2015
: Supplement Date: April 19, 2016
Alpha East Unit :

APPLICATION

Pursuant to Ohio Revised Code Section 1509.28, Gulfport Energy Corporation (“Gulfport”), 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 Gulfport to operate the Unitized Formation and applicable land area in Belmont County, Ohio (hereinafter, the “Alpha East Unit”) as a unit according to the Unit Plan attached hereto and as more fully described herein. Gulfport 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**

Gulfport Energy Corporation, is a corporation organized under the laws of the State of Delaware. Gulfport has its principal office in Oklahoma City, Oklahoma and is registered in good standing as an “owner” with the Division.

Gulfport 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:

Zachary M. Simpson – Corporate Counsel
Gulfport Energy Corporation
14313 N. May, Suite 100
Oklahoma City, Oklahoma 73134
Tel. (405) 848-8807
E-mail: zsimpson@gulfportenergy.com

II. PROJECT DESCRIPTION

The Alpha East Unit is located in Belmont County, Ohio, and consists of twenty-nine (29) separate tracts of land. See Exhibits A-1, A-2, A-3 and A-4 of the Unit Operating Agreement (showing the plat and tract participations, respectively). The total land area in the Alpha East Unit is approximately 195.87 acres. Gulfport has the right to drill on and produce from approximately 174.523 acres of the proposed unit through its leasehold interest and certain trade agreements with Ascent Resources – Utica, LLC (“ARU”) – i.e., approximately eighty-nine percent (89.1014%) of the unit area, which is well above the sixty-five percent (65%) threshold required by Ohio Revised Code § 1509.28.¹ As more specifically described herein, Gulfport seeks authority to drill and complete one horizontal well in the Unitized Formation from a single well pad located to the northwest of the Alpha East Unit to efficiently test, develop, and operate the Unitized Formation for oil, natural gas, and related liquids production.

Gulfport’s plan for unit operations (the “Unit Plan”) is attached to this Application and consists of the Unit Agreement, attached as Exhibit 1; and the Unit Operating Agreement, attached as Exhibit 2. 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 Alpha East 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 Jenae McCuiston at 2-3, attached as Exhibit 5.

² See Prepared Direct Testimony of Michael Buckner, attached as Exhibit 3.

³ See Prepared Direct Testimony of Danny Watson, attached as Exhibit 4.

knowledge of Gulfport'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 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 – if 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; and
- (9) such other provisions appropriate for engaging in unit operation and for the protection or adjustment of correlative rights.

See Ohio Rev. Code § 1509.28(A). The Chief's order becomes effective once approved in writing by those working-interest owners who will be responsible for paying at least sixty-five percent of the costs of the unit's operations and by royalty and unleased fee-owners of sixty-five percent of the unit's acreage. Once effective, production that is "allocated to a separately owned

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

tract shall be deemed, for all purposes, to have been actually produced from such tract, and all operations *** [conducted] upon any portion of the unit area shall be deemed for all purposes the conduct of such operations and production from any lease or contract for lands any portion of which is included in the unit area.” Ohio Rev. Code § 1509.28.

B. Gulfport’s Application Meets this 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 Exhibits A-2, A-3 and A-4 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 § 1509.28.⁵ 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.⁶

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 Alpha East Unit. The Unit Plan contemplates the potential drilling one horizontal well from a single well pad, with a lateral length of approximately 6,386.⁷ Gulfport estimates that the ultimate recovery from this unit development could be as much as 15 billion cubic feet (Bcf) of natural gas from the Unitized Formation.⁸ Absent unit development, that recovery would be substantially less: First, the evidence shows that it is unlikely that vertical development of the unit would ever take place because it is likely to be uneconomic – resulting in potentially no resource recovery from the Unitized Formation.⁹ Second, simply relying on shorter horizontal laterals to develop the Unitized Formation underlying the Alpha East Unit would be uneconomical. Oil

⁵ A “pool” is defined under Ohio law as “an underground reservoir containing a common accumulation of oil or gas, or both, but does not include a gas storage reservoir.” Ohio Rev. Code § 1509.01(E). See also Exhibit 3 at 2-3.

⁶ Exhibit 3 at 3-5.

⁷ See, e.g., Exhibit 5 at 4-5.

⁸ See, e.g., Exhibit 4 at 3-6. We emphasize that these are only estimates, and like the rest of the estimates set forth in this Application, they should be treated as simply estimates based upon the best information available at the time.

⁹ *Id.* at 4-6.

and gas recovery from horizontal drilling methods is directly related to the length of the lateral – limit a lateral’s length and you limit its ultimate recovery. Here, in absence of unit operations being granted, the unleased and uncommitted tracts would prevent the development of the well in the unit area and lead to stranding of reserves.¹⁰

The evidence thus shows that the contemplated unit operations are reasonably necessary to allow for, much less increase substantially, the recovery of oil and gas from the Unitized Formation.¹¹

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

As set forth in Danny Watson’s testimony, Gulfport estimates that the net present value of the recovery, when compared to an uneconomical or total inability to develop the land area comprising the Alpha East Unit at present, is likely to be approximately \$4.69 million.¹² Thus, the evidence establishes that the value of the estimated recovery exceeds the estimated additional costs incident to conducting unit operations.

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

The Unit Plan proposed by Gulfport 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, A-2, A-3 and A-4 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.¹³ 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.¹⁴ Payment of unit expenses is addressed generally in Article 3 of the Unit Agreement.¹⁵ No provision for credits and charges related to contributions made by owners in the unit area regarding wells, tanks, pumps and other equipment for unit operations are addressed in the Unit Operating Agreement because none are contemplated.¹⁶ The Unit Plan provides for various carries in the event a participant is unable to meet its financial obligations related to the unit – see, e.g., Article

¹⁰ *Id.* at 4-6.

¹¹ *Id.* at 5-7.

¹² *Id.* at 7.

¹³ See also, e.g., Exhibit 5 at 6-10.

¹⁴ *Id.* at 7-10.

¹⁵ *Id.*

¹⁶ *Id.* at 10.

VI of the Unit Operating Agreement.¹⁷ Voting provisions related to the supervision and conduct of unit operations are set forth in Article XV 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.¹⁸ Commencement and termination of operations are addressed in Articles 11 and 12 of the Unit Agreement.

V. APPROVALS

As of the filing of this Application, the Unit Plan has been agreed to or approved by approximately eighty-nine percent (89.1014%) of Working Interest Owners. See Exhibit 5 at 2-4, and Exhibit 6. Said approval exceeds the statutory minimum requirements set forth in Ohio Revised Code § 1509.28.

VI. 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, Gulfport respectfully requests that the Division schedule a hearing at an available hearing room located at the Division's Columbus complex for the May 2016 unitization docket, to consider the Application filed herein.

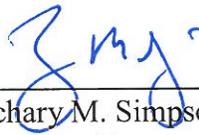
VII. CONCLUSION

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. Gulfport 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). Gulfport therefore asks the Chief to issue an order authorizing Gulfport to operate the Alpha East Unit according to the Unit Plan attached hereto.

¹⁷ *Id.* at 10-13.

¹⁸ *Id.* at 11-13.

Respectfully submitted,



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GULFPORT ENERGY CORPORATION
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Attorney for Applicant

Exhibit "A-2"
Leases Within the Contract Area

Attached to and made a part of that certain Unit Operating Agreement dated December 15, 2015 as approved by the Ohio Department of Natural Resources for the Alpha East Unit

TRACT NUMBER	GULFPORT LEASE ID NUMBER	LESSOR/OWNER	LEASED? Y/N	SURFACE ACRES IN UNIT	TRACT PARTICIPATION	TAX MAP PARCEL ID NUMBERS	TOWNSHIP	COUNTY	STATE	COMMITTED WORKING INTEREST (NET ACRES)	GULFPORT WORKING INTEREST	ARU WORKING INTEREST	UNIT PARTICIPATION	ADDRESS	CITY	STATE	ZIP CODE
1	6921	Roger Saffell	Y	0.11800	0.060244%	52-00012.000	York	Belmont	OH	0.0006	0.0006		0.0006	52154 E Captina HWY	Powhatan Point	OH	43942
4	12196	Larry E. and Joyce A. McNear, Trustees of McNear Revocable Living Trust dated 23 May 2006	Y	0.38000	0.194006%	52-00206.000	York	Belmont	OH	0.0019	0.0019		0.0019	52160 E Captina HWY	Powhatan Point	OH	43942
5	12196	Larry E. and Joyce A. McNear, Trustees of McNear Revocable Living Trust dated 23 May 2006	Y	0.20300	0.103640%	52-00207.000	York	Belmont	OH	0.0010	0.0010		0.0010	52160 E Captina HWY	Powhatan Point	OH	43942
6	11966	William and Cynthia Moore	Y	0.24900	0.127125%	52-00221.000	York	Belmont	OH	0.0013	0.0013		0.0013	2088 Arlington RD	Akron	OH	44306
8	11866	David Smith and Nada Smith, husband and wife (50% each)	Y	0.74300	0.379333%	52-00256.000	York	Belmont	OH	0.0038	0.0038		0.0038	52330 ECaptina HWY	Powhatan Point	OH	43942
12	12462	John R. Anderson and wife, Sandra F. Anderson (50%)	Y	4.92900	1.258233%	52-00300.000	York	Belmont	OH	0.0126	0.0126		0.0126	4244 Avery RD	Hilliard	OH	43026
12	12463	Jodi R. Forni, a single person (50%)	Y		1.258233%	52-00300.000	York	Belmont	OH	0.0126	0.0126		0.0126	1202 S. Bridge Street	New Martinville	WV	26155
13	12506	Glen Schnegg and Marsha L. Schnegg	Y	0.65700	0.335427%	52-00307.000	York	Belmont	OH	0.0034	0.0034		0.0034	149 Main Street	Powhatan Point	OH	43942
15	11677	Dustin D. and Carrie S. Nipert	Y	30.84700	15.748711%	52-00336.000	York	Belmont	OH	0.1575	0.1575		0.1575	PO Box 8540	Stockton	CA	95208
16	12464	Dale L. Goudy and Deborah A. Goudy, husband and wife	Y	0.91500	0.467147%	52-00377.000	York	Belmont	OH	0.0047	0.0047		0.0047	52591 Cats Run RD	Powhatan Point	OH	43942
17	11699	David A. Smith and Lisa R. Smith, husband and wife	Y	32.82600	16.759075%	52-00416.000	York	Belmont	OH	0.1676	0.1676		0.1676	52402 E Captina HWY	Powhatan Point	OH	43942
17	TBD	Bonnie Bonar (Spouse: Lee Bonar)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA		0.0000	1380 Van Meter Way	West Liberty	WV	26074
17	TBD	Gerald Duvall (Spouse: Gary Colangelo)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA		0.0000	39 Kenmare Way	Rehoboth Beach	DE	19971
17	TBD	Marlene Kay Krupa (Spouse: Martyn Krupa)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA		0.0000	59659 Old Workman Rd	Shadyside,	OH	43947
17	TBD	Terry Duvall (spouse: Melva Duvall)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA		0.0000	584 West 47th Street	Shadyside,	OH	43947
17	TBD	Lloyd George Steiner (Spouse: Julia Steiner)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA		0.0000	37221 FM 187	Vanderpool	TX	78885
17	TBD	Marie Korner	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA		0.0000	54236 E Captina HWY	Powhatan Point	OH	43942

TRACT NUMBER	GULFPORT LEASE ID NUMBER	LESSOR/OWNER	LEASED? Y/N	SURFACE ACRES IN UNIT	TRACT PARTICIPATION	TAX MAP PARCEL ID NUMBERS	TOWNSHIP	COUNTY	STATE	COMMITTED WORKING INTEREST (NET ACRES)	GULFPORT WORKING INTEREST	ARU WORKING INTEREST	UNIT PARTICIPATION	ADDRESS	CITY	STATE	ZIP CODE
17	TBD	James Reynolds, Widower	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA		0.0000	223 Pembroke Circle	Jonesborough	TN	37659
17	TBD	Patricia B. Ehrler, widow	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA		0.0000	17052 Bernardo Oaks Dr	San Diego	CA	92128
18	11699	David A. Smith and Lisa R. Smith, husband and wife	Y	1.64500	0.839843%	52-00416.001	York	Belmont	OH	0.0084	0.0084		0.0084	52402 E Captina HWY	Powhatan Point	OH	43942
19	11699	David A. Smith and Lisa R. Smith, husband and wife	Y	1.12500	0.574361%	52-00417.000	York	Belmont	OH	0.0057	0.0057		0.0057	52402 E Captina HWY	Powhatan Point	OH	43942
20	12196	Larry E. McNear and Joyce A. McNear, trustees of The McNear Revocable Living Trust dated 23 May 2006	Y	8.74500	4.464696%	52-00466.000	York	Belmont	OH	0.0446	0.0446		0.0446	52160 E Captina HWY	Powhatan Point	OH	43942
21	ARU*	Larry E. McNear and Joyce A. McNear, trustees of The McNear Revocable Living Trust dated 23 May 2006	Y	36.78000	18.777761%	52-00467.000	York	Belmont	OH	0.1878		0.1878	0.1878	52160 E Captina HWY	Powhatan Point	OH	43942
22	12503	Mary K. Schnegg, widow and Glen E. Schnegg and wife, Marsha L. Schnegg	Y	10.79000	5.508756%	52-00487.000	York	Belmont	OH	0.0551	0.0551		0.0551	52009 Cats Run RD	Powhatan Point	OH	43942
23	11661	Floyd Scott and Calleen Dunfee, husband and wife	Y	13.05800	6.666667%	52-00512.000	York	Belmont	OH	0.0667	0.0667		0.0667	55241 Town Hill RD	Jacobsburg	OH	43933
25	11661	Floyd Scott and Calleen Dunfee, husband and wife	Y	10.63800	5.431153%	52-00513.000	York	Belmont	OH	0.0543	0.0543		0.0543	55241 Town Hill RD	Jacobsburg	OH	43933
28	2181	Cravat Coal Company, an Ohio Corporation	Y	16.49700	8.422423%	52-00558.000	York	Belmont	OH	0.0842	0.0842		0.0842	PO Box 246	Cadiz	OH	43907
29	5861	NFSRR	Y	3.37800	1.724613%	52-90009.000	York	Belmont	OH	0.0172	0.0172		0.0172	110 Franklin RD	Roanoke	VA	24042
				TOTAL NET LEASED ACRES:		174.52300	89.101445%		0.8910		70.323684%	18.777761%	89.101445%				
				TOTAL UNIT ACRES:		195.87000											

*As of the date of this Application, the above Working Interest Owners designated with an * have not approved the Application; however these Owners in and to the denoted parcels are a party to an agreement which obligates them to assign their Working Interest to Applicant. Further, such agreements grant Applicant the authorization to drill and develop the tracts. Pursuant to its rights under the agreements, Applicant has the necessary rights to commit the respective interest to the Application. Once these agreements have closed and Assignments of the interests are filed of record, the Application will be revised to show Applicant as the Working Interest Owner of the denoted parcels.

END OF EXHIBIT "A-2"

**Exhibit "A-3
Unitized Parties**

Attached to and made a part of that certain Unit Operating Agreement dated December 15, 2015 as approved by the Ohio Department of Natural Resources for the Alpha East Unit

TRACT NUMBER	GULFPORT LEASE ID NUMBER	LESSOR/OWNER	LEASED? Y/N	SURFACE ACRES IN UNIT	TRACT PARTICIPATION	TAX MAP PARCEL ID NUMBERS	TOWNSHIP	COUNTY	STATE	UNIT PARTICIPATION	ADDRESS	CITY	STATE	ZIP CODE
3	Unleased Mineral Owner	State of Ohio	N	0.084	0.000429	52-00150.001	York	Belmont	OH	0.000429	2088 Arlington RD	Akron	OH	44306
7	Unleased Mineral Owner	State of Ohio	N	0.148	0.000756	52-00221.001	York	Belmont	OH	0.000756	2089 Arlington RD	Akron	OH	44306
9	Unleased Mineral Owner	State of Ohio	N	0.102	0.000521	52-00256.001	York	Belmont	OH	0.000521	2088 Arlington RD	Akron	OH	44306
24	Unleased Mineral Owner	State of Ohio	N	1.113	0.005682	52-00512.001	York	Belmont	OH	0.005682	2088 Arlington RD	Akron	OH	44306
26	Unleased Mineral Owner	Thomas L. Kinkade Jr. and Beverly L. Kinkade, husband and wife	N	2.500	0.012764	52-00513.001	York	Belmont	OH	0.012764	52230 E Captina HWY	Powhatan Point	OH	43942
27	Unleased Mineral Owner	State of Ohio	N	0.816	0.004166	52-00513.002	York	Belmont	OH	0.004166	2088 Arlington RD	Akron	OH	44306
17	DMA	Martha Caesar Spouse: Albert Caesar	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	2410 Harbourside Dr - APT 141, Longboat Key, FL 34228			
17	DMA	Tom Steiner Spouse: Maureen Ferguson Steiner	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	6815 Gulf of Mexico Dr., Longboat Key, FL 34228			
17	DMA	Mark Steiner Spouse: Mary Ellen McCann Steiner	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	7 Hewins Farm Rd., Welsley MA 02481-6838			
17	DMA	Robert O. Thomas, widow and divorced	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	2912 Washington Blvd., Belpre, OH 45714 or 7650 NW 146th St., Trenton, FL 32693			
17	DMA	Joe Thomas Spouse: Linda G. Thomas	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	705 Quarry St., Marietta OH 45750			
17	DMA	Frank Thomas Spouse: Shirley Thomas	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	807 Garfield Ave., Marietta, OH 45750			
17	DMA	Chester Ross Thomas Spouse: Debora Thomas	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	509 6th St., Marietta, OH 45750			
17	DMA	Deanna Murdy, divorced	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	1220 S. Adams St., Spokane, WA 99204			
17	DMA	Janice Sather Spouse: Curtis E. Sather	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	5209 S. Mohawk Dr., Spokane, WA 99206			
17	DMA	James Kjelland, single	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	PO Box 3906, Ketchum, ID 83340 415 W. Warm Springs Rd., Ketchum, ID 83340			
17	DMA	Kurt Otto Krisher	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	6135 Timberlook Ln, Columbus, OH 43228			
17	DMA	Kim Gallo	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	11800 Christian Ave, Painesville, OH 44077			

TRACT NUMBER	GULFPORT LEASE ID NUMBER	LESSOR/OWNER	LEASED? Y/N	SURFACE ACRES IN UNIT	TRACT PARTICIPATION	TAX MAP PARCEL ID NUMBERS	TOWNSHIP	COUNTY	STATE	UNIT PARTICIPATION	ADDRESS	CITY	STATE	ZIP CODE
17	DMA	Norita R. Reynolds, widow	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	606 Fairway Village, Leeds MA 01053 3 Palms Beach Vacation Rentals 309A Gulf Blvd., Indian Rocks Beach, FL 33785			
17	DMA	Robert Reynolds Spouse: Mary Reynolds	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	149 Osborne Drive, Pittston, PA 18640			
17	DMA	Harold Reynolds	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	1809 Cairo Bend Rd., Lebanon, TN 37087			
17	DMA	Mark Reynolds	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	1249 Mazarion Place New Port Richey, FL 34655 or 334 Arbor Dr. East Palm Harbor, FL 34683			
17	DMA	Audrey Reynolds Lowman Spouse: Frank Lowman	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	3815 Via Palemeno, Palos Verdes Estates, CA 90274 3431 Lomita Blvd, Torrance, CA 90505			
17	DMA	Barbara A. Morrison Spouse: Donald Morrison	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	106 East Chicory Crossing, Hendersonville NC 28739			
17	DMA	Bonnie M. Ryan Spouse: Richard D. Ryan	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	1 John Anderson Drive Unit 204, Ormond Beach, FL 32176			
17	DMA	Bradley Scott Masters	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	629 North Jefferson Ave., Dixon IL 61021			
17	DMA	United Methodist Church	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	107 Main St., Powhatan Point, OH 43942 or 169 Main St., Powhatan Point, OH 43942			
17	DMA	Ruth Carpenter, Deceased	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	3495 LIBERTY AVENUE, SHADYSIDE, OH 43947			
17	DMA	Howard Perkins Spouse: Marilyn Perkins	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	55490 Belmont Ridge Rd., Beallsville OH 43716			
17	DMA	Harold Reuben Perkins Spouse: Betty Lou Perkins	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	70207 Crescent Rd., St. Clairsville OH 43950			
17	DMA	Sheree M. Haavik aka: Shirley M. Cottrill and Shirlie M. Cottrill (Spouse: Douglas Haavik)	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	10533 Morada, Orange CA 92869 or 711 West 17th St., Suite F-6, Costa Mesa CA 92627			

TOTAL UNITIZED ACRES:	4.763	2.431715%
TOTAL UNIT ACRES:	195.870	

 Unleased

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

In re the Matter of the Application of :
Gulfport Energy Corporation for :
Unit Operation : Application Date: December 15, 2015
: Supplement Date: April 19, 2016
Alpha East Unit :

**PREPARED TESTIMONY OF DANNY WATSON
ON BEHALF OF GULFPORT ENERGY CORPORATION**

Zachary M. Simpson (0089862)
GULFPORT ENERGY CORPORATION
14313 North May, Suite 100
Oklahoma City, Oklahoma 73134

Attorney for Applicant,
Gulfport Energy Corporation

Date: April 19, 2016

PREPARED DIRECT TESTIMONY OF DANNY WATSON

1 **Q1. Please introduce yourself.**

2 A1. My name is Danny Watson and my business address is 14313 N. May, Oklahoma City,
3 Oklahoma 73134. I am the Resource Development Manager for Gulfport Energy
4 Corporation.

5 **Q2. What is the purpose of your testimony today?**

6 A2. I am testifying in support of the Application of Gulfport Energy Corporation for Unit
7 Operation filed with respect to the Alpha East Unit, consisting of twenty-nine (29)
8 separate tracts of land totaling approximately 195.870 acres in Belmont County, Ohio.
9 My testimony addresses the following: (1) unit operations for the Alpha East Unit are
10 reasonably necessary to increase substantially the recovery of oil and gas and (2) the
11 value of the estimated additional recovery due to unit operations exceeds the estimated
12 additional costs.

13 **Q3. Can you summarize your educational experience for me?**

14 A3. I hold a Bachelors of Science in Petroleum Engineering from West Virginia University.

15 **Q4. Are you a member of any professional associations?**

16 A4. I am a member of The Society of Petroleum Engineers.

17 **Q5. Do you hold a professional licensure?**

18 A5. I am a registered Professional Engineer in the state of Oklahoma.

19 **Q6. How long have you been a Reservoir Engineer for Gulfport?**

20 A6. Two years.

21 **Q7. What other work experiences have you had?**

22 A7. With over 7 years of experience, I have worked for Marshall Miller & Associates as a
23 Reservoir Engineer, Chesapeake Energy as a Completions/Production Engineer, and
24 Gulfport Energy as a Reservoir Engineer as well as in my current role as Resource
25 Development Manager.

26 **Q8. What does being a reservoir engineer entail?**

27 A8. I perform reserve evaluations estimating reserves and recoveries. I analyze the economics
28 and risk assessment of developmental wells and projects. I calculate how many
29 hydrocarbons are believed to exist or remain on Gulfport properties as well as how much
30 we can economically expect to produce.

31 **Q9. How do you do that?**

1 A9. There are several methods available such as volumetric analysis, utilizing analogous
2 offset production, and decline-curve analysis that can be used to make projections about
3 how much hydrocarbon exists and how much can be produced. Geologic data, drilling
4 and fracturing techniques, and costs are considered to estimate economics.

5 **Q10. Did you perform any calculations to support Gulfport's application for unitization**
6 **for the proposed Alpha East Unit?**

7 A10. Yes, I did.

8 **Q11. And did you perform those calculations yourself, or did someone assist you?**

9 A11. I performed the calculations myself.

10 **Q12. What sort of calculations were you asked to perform?**

11 A12. Under the current un-unitized acreage, Gulfport would not be able to drill any economical
12 wells due to inadequate lateral lengths when considering the 500 feet limit of unleased
13 parcels. As a result, Gulfport would not be able to produce any oil and gas from the
14 entire unit without unitization. If the unitized area is approved, Gulfport would be able to
15 drill 1 horizontal well (approximately 6,386' lateral length) from a single pad in the
16 adjacent unit. I estimated the reserves for this one-well unit.

17 **Q13. Why horizontal wells?**

18 A13. The vast majority of unconventional shale reservoirs cannot be produced at economic
19 flow rates and do not produce economic volumes of oil and gas without the use of
20 horizontal drilling and the assistance of stimulation treatments like hydraulic fracturing.
21 This largely explains why Utica Shale exploration and production in Ohio is a recent
22 development. The permeability of shale formations, including the Utica formation, is
23 extremely low. In order for hydrocarbons found in the shale reservoir to flow at economic
24 rates, the surface area open to flow must be maximized. Thus far, horizontal multi-stage,
25 hydraulically-fractured wells are the most efficient way that the oil and gas industry has
26 been able to maximize the surface area exposed to the reservoir for flow purposes.

27 **Q14. How are horizontal wells drilled?**

28 A14. Horizontal drilling is the process of drilling down vertically to a point commonly
29 referred to as the kickoff point, and then gradually turning the wellbore to drill and place
30 the wellbore in the desired hydrocarbon bearing formation – in this case, the Utica shale –
31 horizontally in order to maximize the areal contact of the reservoir. This technology,

1 along with hydraulically fracturing the formation, is required to economically develop
2 unconventional resources like shale gas formations.

3 **Q15. How deep is the kickoff point that you are referring to?**

4 A15. It depends on the well being drilled, but for the proposed Alpha East Unit, it is likely to
5 be approximately 10,143' TVD (true vertical depth) based on data gathered from an
6 offset that was recently drilled.

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

8 A16. Yes. The oil and gas industry has been drilling horizontal wells for many years. Also,
9 hydraulic fracturing has been used in the oil and gas industry for more than seventy years.
10 The combination of hydraulic fracturing and horizontal drilling is what is allowing shale
11 formations like the Utica to finally be developed.

12 **Q17. Is it fair to say, then, that horizontal wells are the predominant method used to
13 develop shale formations like the Utica today?**

14 A17. Yes.

15 **Q18. Turning specifically to the Alpha East Unit, have you made an estimate of the
16 production you anticipate from the proposed unit's operations?**

17 A18. Yes, I have evaluated and estimated the production potential from the Utica formation in
18 the Alpha East Unit and believe that the gross production from unitized operations, as
19 proposed in this application, if successful, could be as much as 15 BCF of gas.

20 **Q19. How did you make those estimates?**

21 A19. From analogy of offset Utica horizontal wells and from decline-curve analysis. There are
22 horizontal Utica wells located within approximately six miles of the proposed unit that I
23 believe have similar characteristics in terms of fluid type and production profile;
24 therefore, data from those wells were used in my calculations.

25 **Q20. Once you had that data from the other Utica shale wells, what did you do with it?**

26 A20. I used actual production data from those wells to develop an average Utica production
27 profile or "type curve" using decline-curve analysis. With all wells, production and
28 pressure is highest at the onset and gradually decreases to a point where production
29 cannot be sustained without some degree of additional stimulation. These declines can be
30 plotted and, for wells within the same formation, tend to exhibit similar characteristics.
31 In the type curve process, data from the first day of production for all the wells are all

1 aligned, and the production volumes are then averaged. This will produce the average
2 production profile of the wells included in the type curve. A mathematical expression is
3 then used to match the existing production and forecast the future production that is
4 expected to be produced from the well. This is referred to as "decline-curve analysis."
5 Type curves are routinely used in the industry to estimate reserves.

6 **Q21. I see that you've qualified your calculations as an estimate. Does that mean that you**
7 **cannot calculate the production from these wells ahead of time with mathematical**
8 **certainty?**

9 A21. Yes, that is correct. The ultimate recovery of a well cannot be known until it has
10 produced its last drop, which will not be for many years. However, we have established
11 production and test data in the area.

12 **Q22. In your professional opinion, would it be economic to develop the Alpha East Unit**
13 **using traditional vertical drilling?**

14 A22. No. These unconventional reservoirs cannot be produced at economic flow rates or do
15 not produce economic volumes of oil and gas without the use of horizontal drilling and
16 the assistance of stimulation treatments. This largely explains why the Utica Shale had
17 not been developed prior to the recent horizontal activity in Ohio.

18 **Q23. Are the estimates that you made based on good engineering practices and accepted**
19 **methods in the industry?**

20 A23. Yes

21 **Q24. Do you have the calculations you performed?**

22 A24. Yes. The summary of my calculations are attached to this prepared testimony as Exhibit
23 "DW-1"

24 **Q25. Can you summarize what your calculations show?**

25 A25. First, I looked at the economics of non-unitization. No horizontal laterals could be drilled
26 from the pad due to the unleased tracts.

27 **Q26. Did you also estimate what could be recovered if operations in this area are unitized,**
28 **as is being proposed by this application?**

29 A26. Yes. In that case, Gulfport does not have to avoid the unleased parcels, and Gulfport is
30 able to fully develop the unit with one horizontal lateral. The Alpha East E lateral would
31 measure approximately 6,386'.

1 **Q27. Can you summarize what those calculations show?**

2 A27. Yes. If Gulfport develops a unit with one horizontal lateral, I project that it will produce
3 approximately 15 BCF of gas over the life of the well.

4 **Q28. Is the unitized recovery due solely to being able to drill beneath the currently
5 unleased parcels?**

6 A28. No. The oil and gas from those unleased parcels accounts for part of the increase, but the
7 majority of the increase is from what would otherwise be stranded reserves that would
8 not be produced unless the Division approves the unitization application for full unit
9 operation. That oil and gas would forever be left behind if not produced through unit
10 operation by this well. Drilling an additional well or wells to try to recover those
11 stranded reserves is simply not economically feasible.

12 **Q29. Let's shift our focus to the economic calculations for this project. Have you made
13 an estimate of the economics of the proposed development of the Alpha East Unit?**

14 A29. Yes

15 **Q30. Would you walk us through your economic evaluation, beginning with your
16 estimate of the anticipated revenue stream from the Alpha East Unit development?**

17 A30. During the reserve estimation process, not only were the ultimate reserve numbers
18 estimated, but the production profile of the reservoir hydrocarbons over time was also
19 developed. The production profile and a price scenario were used to develop the
20 revenues that are expected from the proposed unit's development.

21 **Q31. What do you mean when you say "production profile over time of the reservoir
22 hydrocarbons," and why is it important?**

23 A31. I am referring to the actual production we expect on a daily or monthly basis for the
24 well's entire life. This is important when doing an economic evaluation in which revenue
25 from future production is discounted in order to obtain the net present value and rate of
26 return for the specific project.

27 **Q32. What price scenario did you use?**

28 A32. A six-year forward strip price for April 18, 2016 was used. This is the market's current
29 view of what gas and oil prices will be in the future and are not guaranteed to be the price
30 received for the produced hydrocarbons from the Alpha East Unit. I have attached those
31 figures as Exhibit "DW-2".

1 **Q33. What about anticipated capital and operating expenses?**

2 A33. Capital and operating expenses were incorporated as well. The total estimated capital is
3 based on the anticipated capital costs for both the drilling and completion processes. The
4 basis for this estimate comes from recent costs we have experienced with our Utica
5 formation development in the state of Ohio. These costs were adjusted to correspond to
6 the respective lateral length of the lateral within the proposed unit. Incorporated in the
7 analysis are both fixed and variable cost estimates.

8 **Q34. Based on this information and your professional judgment, does the value of the**
9 **estimated recovery from the operations proposed for the Alpha East Unit exceed its**
10 **estimated costs?**

11 A34. Yes. The total estimated cost of developing the Alpha East Unit is approximately \$8.5
12 million. Undiscounted Net Cash Flow is \$13.1 million and using a 10% discount rate, the
13 net present value is approximately \$4.7 million.

14 **Q35. In your professional opinion, do you believe that the proposed unit operations for**
15 **the Alpha East Unit are reasonably necessary to increase substantially the ultimate**
16 **recovery of oil and gas from the unit area?**

17 A35. Yes. It is my professional opinion that unit operations are reasonably necessary to
18 increase substantially the ultimate recovery of oil and gas from the unit area. This area
19 would not be able to be developed without unit operations. Further, unit operation will
20 protect the correlative rights of all of the mineral owners by effectively and efficiently
21 draining all of the reserves, eliminating any waste of mineral resources associated with
22 stranded reserves. There is no doubt in my mind that unit operation will substantially
23 increase the ultimate recovery of oil and gas from this unit area.

24 **Q36. In your professional opinion, does the value of increased recovery attributable to**
25 **unit operations exceed the estimated additional costs of unit operation?**

26 A36. Yes. To increase the exposure to the reservoir and produce the maximum amount of
27 hydrocarbons, placing a horizontal well across the entire proposed unit is ideal. This
28 limits the capital cost by limiting the number of required surface locations and wells and
29 maximizes the production from the proposed unit's operations. Without the proposed
30 unit operations, we would not be able to develop this area. As indicated above, the
31 estimated development of the proposed unit would require \$8.5 million in capital, and

1 would have an undiscounted net cash flow of \$13.1 million and a net present value
2 discounted at 10% per annum of approximately \$4.7 million. Thus, the value of the
3 increased recovery significantly outweighs the increased cost of unitized operation.
4 Financially, it makes sense to operate as a unit.

5 **Q37. And your opinions are based on your education and professional experience?**

6 A37. Yes

7 **Q38. Does this conclude your testimony?**

8 A38. Yes.

EXHIBIT "DW-1"

ALPHA EAST UNIT

Lateral Length and Capital				
Well Name	Unit Lateral Length (ft)	Unit Dev. Cost (M\$)	Non-Unit Lat. Length (ft)	Non-Unit Dev. Cost (M\$)
ALPHA E	6,386	8,457	0	0
TOTAL	6,386	8,457	0	0

Reserve and Economic Summary		
	Full Dev. Totals	Partial Dev. Totals
Gross Condensate (MBbls.)	0	0
Gross Residue Gas (Bcf)	15,326	0
Equivalent EUR (Bcfe)	15,326	0
Undis. Net Cash Flow (M\$)	13,086	0
PV 10% (M\$)	4,696	0

EXHIBIT "DW-2"

STRIP PRICES AS OF APRIL 18, 2016

DATE	OIL PRICE <u>\$/BBL.</u>	GAS PRICE <u>\$/MCF</u>
May-Dec 2016	42.38	2.28
Jan-Dec 2017	45.16	2.84
Jan-Dec 2018	46.42	2.89
Jan-Dec 2019	47.40	2.94
Jan-Dec 2020	48.51	3.04
Jan-Dec 2021	49.37	3.19
To Life	50.77	3.52

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

In re the Matter of the Application of :
Gulfport Energy Corporation, for :
Unit Operation : Application Date: December 15, 2015
: Supplement Date: April 19, 2016
Alpha East Unit :

**PREPARED TESTIMONY OF JENAE C. MCCUISTION
ON BEHALF OF GULFPORT ENERGY CORPORATION**

Zachary M. Simpson (0089862)
GULFPORT ENERGY CORPORATION
14313 North May, Suite 100
Oklahoma City, Oklahoma 73134

Attorney for Applicant,
Gulfport Energy Corporation

Date: April 19, 2016

PREPARED DIRECT TESTIMONY OF JENAE C, MCCUISTION

1 **INTRODUCTION.**

2 **Q1. Please state your name and business address.**

3 A1. My name is Jenae C. McCuistion and my business address is 14313 North May Ave.,
4 Suite 100, Oklahoma City, OK 73134

5 **Q2. Who is your employer?**

6 A2. Gulfport Energy Corporation.

7 **Q3. What is your position with Gulfport?**

8 A3. I am Coordinator – Land & Legal.

9 **Q4. Please describe your professional responsibilities at Gulfport.**

10 A4. My primary responsibilities involve preparing and overseeing development of
11 drilling Units from the early stages of designing the Unit based on Gulfport's lease
12 position, acquisition of leases or rights to drill, and title work up and through the
13 drilling phase, ending at overseeing attorneys determining title for the distribution of
14 production proceeds.

15 **Q5. Starting with college, please describe your educational background.**

16 A5. I earned a Bachelor of Science specializing in Leadership Development from Texas
17 A&M University in May of 2005. In May of 2009, I graduated with a Juris Doctor
18 from Texas A&M University School of Law. I was admitted to the State Bar of
19 Texas in November 2009.

20 **Q6. Please briefly describe your professional experience.**

21 A6. In May of 2006 I started my career in the oil and gas industry working for Dale
22 Resources, LLC. I started in the Title Department and ultimately became the
23 Curative Manager. While in the Title Department at Dale Resources, LLC, I
24 managed a team of 6-10 curative agents who worked to cure title defects for clients
25 operating wells in the Barnett Shale located in Fort Worth, Texas. I stayed with Dale
26 Resources, LLC until April of 2010 when I accepted an Operational Landman
27 position with Chesapeake Energy Corporation ("Chesapeake"). My primary role as
28 an Operational Landman for Chesapeake Energy Corporation was to ready wells to
29 drill according to their drilling program in the Barnett Shale. In November 2011 I
30 transferred to Chesapeake's Utica group operated at Chesapeake's headquarters in

1 Oklahoma City. My primary role in the Utica group was to ready wells to drill
2 according to their drilling program in the Utica Shale. My area of responsibility
3 included Ohio. In December 2013 I accepted a position at Vantage Energy, LLC
4 (“Vantage”) as Operational Land Manager – PA. My primary role was to oversee
5 the Appalachia Land Department so that Vantage could develop their Marcellus
6 Shale asset primarily located in Southwestern Pennsylvania. In April 2015, I joined
7 Gulfport where I have been working to develop our assets in Ohio and West Virginia.

8 **Q7. What do you do as Coordinator – Land & Legal?**

9 A7. My responsibilities as a Coordinator – Land & Legal consist of acquiring,
10 developing, and maintaining Gulfport’s leasehold position in various counties in
11 Ohio and West Virginia. I work hand-in-hand with Gulfport’s Engineering and
12 Geology departments to create production Units that we believe will produce the
13 minerals in a way that will protect the correlative rights of all parties involved. Once
14 we have determined the Unit boundaries, I interface with lease brokers, title
15 attorneys, and surveyors to determine the ownership of each parcel within the
16 proposed Unit and subsequently acquire the mineral rights to as much of the Unit as
17 possible. If there are other operators who have a leasehold presence within the
18 boundary lines, I work with them to negotiate trade agreements, term assignments,
19 and various other commitment agreements. If there are unleased mineral owners
20 within the Unit, I work on securing Oil and Gas Leases from the unleased mineral
21 owners. Additionally, I oversee the surface development and permitting process for
22 these wells as well as any other tasks that are necessary in preparing Gulfport to
23 successfully drill horizontal Utica/Point Pleasant wells.

24 **Q8. Are you a member of any professional associations?**

25 A8. Yes, I am a member of the American Association of Professional Landmen and the
26 Oklahoma City Association of Professional Landmen.

27 **Q9. Have you ever been involved in combining or pooling oil and gas interests for
28 development in other states?**

29 A9. Yes, I have been accepted as an expert witness by the Texas Railroad Commission
30 in regard to Rule 37 spacing matters in Texas for horizontal development in the
31 Barnett Shale formation.

1 **Q10. Were you involved in the preparation of Gulfport Energy Corporation's**
2 **Application for Unitization with respect to the Alpha East Unit?**

3 A10. Yes, after our initial lease acquisition covering the relevant land, I have assisted in
4 the formation of the Alpha East Unit in its present configuration and have been
5 involved with the preparation of this application for Unitization.

6 **Q11. Can you generally describe the Alpha East Unit?**

7 A11. Sure. The Alpha East Unit consists of twenty-nine (29) distinct parcels of land
8 totaling approximately 195.870 acres of land in York Township, Belmont County,
9 State of Ohio.

10 **EFFORTS MADE BY GULFPORT TO LEASE UNIT TRACTS.**

11 **Q12. The Application submitted by Gulfport indicates that it holds the oil and gas**
12 **operational and development rights to 174.523 acres of the proposed 195.870**
13 **acre Unit. Would you describe how Gulfport acquired its rights?**

14 A12. Gulfport Energy Corporation began acquiring these leasehold rights in July of 2015
15 by purchasing various oil and gas leases from Paloma Partners III, LLC. Since then,
16 Gulfport has added interest through its own leasing efforts. Additionally, Gulfport
17 has secured the right to develop the interest of Ascent Resources – Utica, LLC
18 (“ARU”) by virtue of an executed trade agreement.

19 **Q13. What percentage of the total acreage of the Alpha East Unit is represented by**
20 **the oil and gas rights held by Gulfport?**

21 A13. Gulfport holds leases of record for 70.32684%. In addition, Gulfport has operational
22 and development rights to the 18.777761% interest currently held by Ascent
23 Resources – Utica, LLC (“ARU”), by virtue of an executed acreage trade agreement
24 between Gulfport and ARU, as outlined in Exhibit JM 1.1. As a result the Application
25 is brought on behalf of 89.101445% of the owners within the Alpha East Unit, which
26 is well above the 65% threshold required by the statute.

27 **Q14. Have other working interest owners in the Alpha East Unit approved the Unit**
28 **Plan prior to filing this application?**

29 A14. No.

30 **Q15. Why was Gulfport not able to acquire the commitment of oil and gas rights to**
31 **all of the acreage in the proposed Unit?**

1 A15. Gulfport has been working a trade agreement covering tracts 2, 10, 11 and 14 as
2 depicted on Exhibit JM-2 with ARU and XTO Energy Inc. (“XTO”) since August of
3 2015. Unit Tracts 2, 10, 11, and 14 are composed of 16.584 net acres and represents
4 an undivided 8.466840% of the Alpha East Unit. Gulfport has been in constant
5 communication with ARU and XTO, and we are working as diligently as we can to
6 come to terms of a mutually acceptable trade agreement.
7 Further, there are six unleased tracts within the Unit (Tracts 3, 7, 9, 24, 26, and 27).
8 Gulfport has been working to lease Tracts 3, 7, 9, 24 & 27 since September of 2015.
9 Gulfport has been working to lease Tract 26 since November of 2015.
10 Finally, a portion of Tract 17 is affected by an unresolved issue surround the Ohio
11 Dormant Minerals Act. Gulfport has been able to lease 100% of the mineral interest
12 in accordance with current state law for this tract; however, Gulfport has been unable
13 to secure what we call a “protection leases” for all claimants to the countervailing
14 position of the Ohio Dormant Minerals Act. To date, Gulfport has secured protection
15 leases from 13 of the 38 claimants to the countervailing position of the Ohio Dormant
16 Minerals Act which represents over 50% of the interest. Gulfport will continue its
17 efforts to do so out of an abundance of caution.

18 **Q16. Have you prepared a log detailing Gulfport’s efforts to obtain an agreement**
19 **from the uncommitted working interest owners in the proposed Unit?**

20 A16. Yes. I have outlined Gulfport’s communications in Exhibits JM-1.1 – 1.6.

21 **Q17. Could you describe the location of the leased and unleased tracts within the**
22 **Alpha East Unit?**

23 A17. Yes. Exhibit JM-2 and JM-4 are attached hereto, with plats showing each of the
24 tracts in the Alpha East Unit.

25 **Q18. Are there other operators that have an interest within the Alpha East Unit?**

26 A18. No.

27 **UNIT PLAN PROVISIONS.**

28 **Q19. Would you describe generally the development plan for the Alpha East Unit?**

29 A19. Gulfport plans to develop the Alpha East Unit from a northern pad site that is an
30 estimated 1200 feet off the northern Unit boundary line and an estimated 600 feet
31 from the western Unit boundary line and 1,750 feet from the eastern Unit boundary

1 line. The pad will be adequately built to drill multiple horizontal wells with a
2 southeasterly orientation in the Unit. The pad site will be located on a parcel that is
3 not within the proposed drilling and spacing unit but terms and conditions between
4 the surface owner and Gulfport have been agreed upon by both parties. The Unit is
5 currently configured to include a horizontal wellbore, with projected lateral lengths
6 of approximately 6,100 feet.

7 **Q20. Can you describe the location of the proposed wellbore within the Alpha East**
8 **Unit?**

9 A20. Yes. I have attached as Exhibit JM-3 & JM-4 to my testimony a plat showing the
10 configuration of the wellbore. It shows the pad site located just outside the northern
11 boundary of the Alpha East Unit with a wellbore configured to be drilled parallel in
12 a southeasterly direction on an approximate 30 degree angle. Further, Gulfport has
13 permitted the Goudy Unit which lies adjacent to the Alpha East Unit. I have attached
14 as Exhibit JM-5 to my testimony a plat showing the location of this unit.

15 **Q21. Do you know where the drilling and completion equipment will be located on**
16 **the pad?**

17 A21. Yes, we have been in contact with the surface owner of the parcel of our proposed
18 pad site and plan to develop our surface location pursuant to the terms of our agree-
19 ment. We have acquired a surface use agreement with the surface owner of said par-
20 cel.

21 **Q22. If the Division were to issue an order authorizing the proposed Unit, and if**
22 **Gulfport agreed with the terms and conditions of that order, how long**
23 **thereafter would Gulfport drill the exploratory well contemplated by the**
24 **petition?**

25 A22. We plan to drill the initial well in the third quarter of 2016.

26 **Q23. Does Gulfport have a specific timeline for drilling additional wells in the Alpha**
27 **East Unit?**

28 A23. Subsequent wells will be drilled at some indeterminate time following the drilling of
29 the initial well.

30 **Q24. What are the benefits to this type of Unit development?**

31 A24. Developing the Alpha East Unit in the manner previously described protects the

1 correlative rights of the Unit participants while also providing for substantial
2 environmental and economic benefits. Drilling, completing and producing multiple
3 horizontal wells from a single pad site significantly reduces the environmental
4 impact by allowing Gulfport to build a single access road rather than many, reduce
5 traffic, and allow for the development of acreage that might not otherwise be
6 available for development due to various surface limitations (terrain, residences,
7 etc.). Developing the Utica Shale via the drilling of vertical wells is not practicable,
8 as this reservoir cannot be produced at economic flow rates or volumes with vertical
9 drilling, and due to the fact that even if economically feasible, surface limitations set
10 out above would prevent the practical well spacing necessary too efficiently and
11 effectively produce the reservoir. Horizontal drilling negates these issues by
12 allowing for a central pad location to develop mineral acreage underlying otherwise
13 inaccessible lands with a minimum of surface disturbance.

14 **Q25. So is it fair to say that the benefits of this type of development are substantial?**

15 A25. Yes, the type of development planned by Gulfport for the Alpha East Unit offers
16 significant benefits not only to the operator, but also to the landowners in the Unit
17 and the surrounding area.

18 **Q26. Are you familiar with the Unit Plan proposed by Gulfport for the Alpha East
19 Unit?**

20 A26. Yes. The Unit Plan proposed by Gulfport is set out in two documents attached to the
21 Application. The first, the Unit Agreement, establishes the non-operating
22 relationship between the parties in the Unit. The second, the Unit Operating
23 Agreement, establishes how the Unit will be explored, developed, and produced.

24 **Q27. Let's turn first to the Unit Agreement, marked as Exhibit 1 to the Application.
25 Would you describe briefly what it does?**

26 A27. Yes. The Unit Agreement in effect combines the oil and gas rights in the Alpha East
27 Unit so that they can be developed as if they were part of a single oil and gas lease.

28 **Q28. Are mineral rights to all geological formations combined under the Unit
29 Agreement?**

30 A28. No. The Unit Agreement only Unitizes the oil and gas rights located fifty feet above
31 the top of the Utica Shale to fifty feet below the base of the Point Pleasant formation,

1 defined in the Agreement as the “Unitized Formation,” to allow development of the
2 Utica Shale formation.

3 **Q29. How will production proceeds from the Alpha East Unit be allocated among**
4 **royalty interest owners and working interest owners in the Unit?**

5 A29. On a surface-acreage basis. Under Article 4 of the Unit Agreement, every tract is
6 assigned a tract participation percentage based on surface acreage and shown on
7 Exhibits A-2, A-3, and A-4 to the Unit Operating Agreement. Article 5 of the Unit
8 Agreement allocates production based on each individual’s proportionate ownership
9 of that tract participation.

10 **Q30. Why use a surface-acreage basis as the method of allocation?**

11 A30. Based on the testimony of Michael Buckner attached to the Application as Exhibit 3,
12 a surface-acreage basis is an appropriate method of allocation because the formation
13 thickness and reservoir quality of the Unitized Formation is expected to be consistent
14 across the Alpha East Unit.

15 **Q31. Would you go through an example from Exhibit A-2 to the Unit Operating**
16 **Agreement to illustrate how a surface-acreage allocation would be applied to**
17 **the Alpha East Unit?**

18 A31. Yes. The fifth column on Exhibit A-2 to the Unit Operating Agreement, entitled
19 “Surface Acres in Unit,” shows the number of surface acres in each tract of land
20 within the Alpha East Unit. Column 6 on Exhibit A-2 shows the related tract
21 participation of each tract, which is calculated by taking the total number of surface
22 acres in the tract and dividing it by the total number of surface acres in the Unit. So,
23 for example, if you look at Tract Number 1 on Exhibit A-2, it shows that the Roger
24 Saffell’s tract comprises .11800 surface acres in the 195.8700 acre Alpha East Unit,
25 which equates to a tract participation of approximately .060244% (.11800/195.8700).

26 **Q32. What does that mean in terms of production allocated to that particular Saffell**
27 **tract?**

28 A32. It would mean that roughly .060244% of all production from the Alpha East Unit
29 would be allocated to the Saffell’s tract, and would be distributed based on the terms
30 of the lease or other pertinent documents affecting the ownership to production
31 proceeds from the tract.

1 **Q33. In your experience, is that a customary way to allocate production in a Unit?**

2 A33. In my experience, surface-acreage allocation is both fair and customary for
3 horizontal shale development.

4 **Q34. How are Unit expenses allocated?**

5 A34. Similarly to production, Unit expenses are allocated on a surface-acreage basis.
6 Article 3 of the Unit Agreement provides that expenses, unless otherwise allocated
7 in the Unit Operating Agreement, will be allocated to each tract of land within the
8 Unit based on the proportion that the surface acres of each particular tract bears to
9 the surface acres in the entire Unit.

10 **Q35. Who pays the Unit expenses?**

11 A35. Working interest owners.

12 **Q36. Do the royalty owners pay any part of the Unit expenses?**

13 A36. No. Royalty interest owners are responsible only for their proportionate share of
14 taxes and post-production costs, which are deducted from their share of the proceeds
15 from sales of production of hydrocarbons from the Unit area.

16 **Q37. Let's turn to the Unit Operating Agreement, marked as Exhibit 2 to the**
17 **Application. It appears to be based upon a form document. Could you please**
18 **identify that form document?**

19 A37. Yes. The Unit Operating Agreement is based upon *A.A.P.L. Form 610 – Model Form*
20 *Operating Agreement – 1982*, which we typically use when we enter into joint
21 operating agreements with other parties.

22 **Q38. Are you familiar with the custom and usage of the Form 610 and other similar**
23 **agreements in the industry?**

24 A38. Yes. The Form 610, together with its exhibits, is commonly used in the industry and
25 is frequently modified to address the development objectives of the parties. As a
26 landman, I have been involved in negotiating and modifying versions of A.A.P.L.
27 operating agreements.

28 **Q39. Turning to the Unit Operating Agreement in particular, does it address how**
29 **Unit expenses are determined and paid?**

30 A39. Yes. Article III of the Unit Operating Agreement provides that all costs and liabilities
31 incurred in operations shall be borne and paid by the working interest owners, in

1 accordance with their Unit Participation percentages. Those percentages can be
2 found in Exhibits A-2, A-3, and A-4 to the Unit Operating Agreement. Also, the
3 Unit Operating Agreement has attached to it an accounting procedure identified as
4 Exhibit C.

5 **Q40. What is the purpose of the document marked as Exhibit C in connection with**
6 **the Alpha East Unit Operating Agreement?**

7 A40. The document presents information concerning how Unit expenses are determined
8 and paid.

9 **Q41. At the top of each page of Exhibit C, there appears a label that reads: “COPAS**
10 **2005 Accounting Procedure, Recommended by COPAS, Inc.” Are you familiar**
11 **with this society?**

12 A41. Yes, COPAS stands for the Council of Petroleum Accountants Societies.

13 **Q42. Is this COPAS document used in oil and gas operations across the country?**

14 A42. Yes. It is commonly used in the industry.

15 **Q43. In your opinion, is this COPAS document generally accepted in the industry?**

16 A43. Yes. This was drafted by an organization whose membership encompasses various
17 companies and sectors across the industry, and, as a result, is designed to be fair.

18 **Q44. Will there be in-kind contributions made by owners in the Unit area for Unit**
19 **operations, such as contributions of equipment?**

20 A44. No, Gulfport Energy does not anticipate in-kind contributions for the Unit Opera-
21 tions.

22 **Q45. Are there times when a working interest owner in the Unit chooses not to – or**
23 **cannot – pay their allocated share of the Unit expenses?**

24 A45. Yes. Joint Operating Agreements account for such occurrences, which are not
25 uncommon. The agreements allow working interest owners the flexibility to decline
26 to participate in an operation that they may not believe will be a profitable venture
27 or that they cannot afford. The remaining parties can then proceed at their own risk
28 and expense.

29 **Q46. Generally, how is the working interest accounted for when an owner chooses**
30 **not to participate in an operation?**

31 A46. A working interest owner who cannot or chooses not to participate in an operation is

1 considered a non-consenting party. If the remaining working interest owners decide
2 to proceed with the operation, the consenting parties bear the full cost and expense
3 of the operation. A non-consenting party is deemed to have relinquished its interest
4 in that operation until the well revenues pay out the costs that would have been
5 attributed to that party, plus a prescribed risk penalty or non-consent penalty.

6 **Q47. What is a risk penalty or non-consent penalty, and why are they included in the**
7 **agreement?**

8 A47. A risk penalty or non-consent penalty is a means to compensate consenting parties
9 for the financial risks of proceeding with a well that may be a non-producer when
10 one or more working interest owners do not consent to pay their share of the costs of
11 drilling said well. A non-consent penalty can also serve as a means to allow a
12 working interest owner to finance participation in a well when unable to advance its
13 share of drilling costs.

14 **Q48. Can a working interest owner choose to go non-consent in the initial well in the**
15 **Alpha East Unit?**

16 A48. Yes. If a working interest owner chooses not to participate in the Unit's initial well,
17 Article VI.A of the Unit Operating Agreement provides that the working interest
18 owner shall be deemed to have relinquished to the other parties its working interest
19 in the Unit with a back-in provision with a risk factor of 200%.

20 **Q49. Does the Unit Operating Agreement treat the initial well and subsequent**
21 **operations differently in terms of going non-consent, and if so, why?**

22 A49. Yes. Subsequent operations have a smaller risk factor of 200%. A lack of
23 information as to whether the well will be economic makes participation in the initial
24 well a riskier endeavor than subsequent operations, when information gained from
25 the initial well reduces the risk factor going forward. Therefore, it is common for
26 joint operating agreements to distinguish risk factors between initial and subsequent
27 operations.

28 **Q50. But if the working interest owner still has a royalty interest in the Unit, that**
29 **royalty interest would remain in place and be paid?**

30 A50. Yes. The royalty interest would still be paid even if the working interest is being
31 used to pay off a risk factor.

1 **Q51. What is the risk factor for subsequent operations set out in the Unit Operating**
2 **Agreement?**

3 A51. 200%, as set out in Article VI.B of the Unit Operating Agreement.

4 **Q52. Are the percentages included in the Unit Operating Agreement unusual?**

5 A52. No, not for joint operating agreements used in horizontal drilling programs. Because
6 of the significant costs associated with drilling horizontally to the Utica Shale (often
7 in excess of \$10,000,000 to plan, drill, and complete) and because the Utica Shale is
8 an unconventional play (where uneven geological performance is likely), it is
9 common for companies to incorporate into their joint operating agreements a risk
10 factor proportionate to the substantial financial commitment.

11 **Q53. Have you seen risk factor levels of 200% to 300% in other parts of the country**
12 **that you've worked in and are familiar with?**

13 A53. Yes. Those numbers are not unusual, and in fact higher numbers are sometimes seen
14 in the early stages of a play's development due to the relative lack of information and
15 the corresponding risk.

16 **Q54. How are decisions made regarding Unit operations?**

17 A54. Article V of the Unit Operating Agreement designates Gulfport Energy Corporation
18 as the Unit Operator, with full operational authority for the supervision and conduct
19 of operations of the Unit. Additionally, except where otherwise provided, Article
20 XV of the Unit Operating agreement sets forth a voting procedure for any decision,
21 determination or action to be taken by the Unit participants. Under the voting
22 procedure, each Unit participant has a vote that corresponds in value to that
23 participant's allocated responsibility for the payment of Unit expenses.

24 **Q55. I believe you've already described generally the documents in Exhibits A and C**
25 **to the Unit Operating Agreement. Let's turn therefore to Exhibit B of the Unit**
26 **Operating Agreement. What is it?**

27 A55. Exhibit B is Gulfport's standard oil and gas lease form, which we attached to the
28 joint operating agreement to govern any unleased interests owned by the parties.
29 Article III.A of the Unit Operating Agreement provides that if any party owns or
30 acquires an oil and gas interest in the Contract Area, then that interest shall be treated
31 for all purposes of the Unit Operating Agreement as if it were covered by the form

1 of lease attached as Exhibit B.

2 **Q56. Does this oil and gas lease contain standard provisions that Gulfport uses in**
3 **connection with its drilling operations in Ohio and elsewhere?**

4 A56. Yes.

5 **Q57. Moving on to Exhibit D of the Unit Operating Agreement, would you describe**
6 **what it is?**

7 A57. Exhibit D is the insurance exhibit to the joint operating agreement. It outlines
8 coverage amounts and limitations, and the insurance terms for operations conducted
9 under the Unit Operating Agreement.

10 **Q58. Are the terms of insurance contained in Exhibit D substantially similar to those**
11 **employed in connection with Gulfport's other Unitized projects in the State of**
12 **Ohio?**

13 A58. Yes.

14 **Q59. Based upon your education and professional experience, do you view the terms**
15 **of Exhibit D as reasonable?**

16 A59. Yes.

17 **Q60. Would you next describe Exhibit E of the Unit Operating Agreement?**

18 A60. Exhibit E is the Gas Balancing Agreement, which sets out the rights and obligations
19 of the parties with respect to marketing and selling any production from the Contract
20 Area.

21 **Q61. Would you give me an example of how Exhibit E might come into play?**

22 A61. Yes. Assuming that Company A is the operator of a well, and Company B is the
23 non-operator, the fact that Company A will drill, complete, and secure pipeline to the
24 well, does not preclude Company B from negotiating its own marketing agreements.
25 In the event that Company B wishes to do so, the Gas Balancing Agreement would
26 provide protection for both companies on volumes, underproduction, failure to take
27 production, maintaining the leases, etc.

28 **Q62. Are the terms contained in Exhibit E substantially similar to those employed in**
29 **connection with Gulfport's other Unitized projects in the State of Ohio?**

30 A62. Yes.

1 **Q63. Has Gulfport documented which of the working interest owners included within**
2 **the Alpha East Unit have given their consent to the proposed Unitization?**

3 A63. Yes. Exhibit 6.1 to the application documents the approvals for the Unit Plan
4 received from working interest owners included with the Alpha East Unit up to the
5 time the Application was filed.

6 **Q64. Does the Application contain a list of those mineral owners who have not**
7 **previously agreed to enter into any oil and gas lease with respect to the tracts**
8 **they own within the Alpha East Unit?**

9 A64. Yes, Exhibit A-3 to the Unit Operating Agreement lists the “Unitized parties,” being
10 the fee mineral owners who remain unleased.

11 **Q65. In your professional opinion, given your education and experience, are Unit**
12 **operations for the proposed Alpha East Unit reasonably necessary to increase**
13 **substantially the ultimate recovery of oil and gas?**

14 A65. Yes. Unit operations for the Alpha East Unit will minimize waste and allow for the
15 most efficient recovery of oil and gas. By drilling horizontally, Gulfport can develop
16 a larger area with a much smaller surface disturbance than through the drilling of
17 vertical wells. Without Unit operations, we would not be able to develop the Unit
18 area, so it’s fair to say that Unit operations are necessary to increase substantially the
19 recovery of oil and gas. I believe that the Alpha East Unit represents a reasonable
20 and efficient means to develop the Utica Shale.

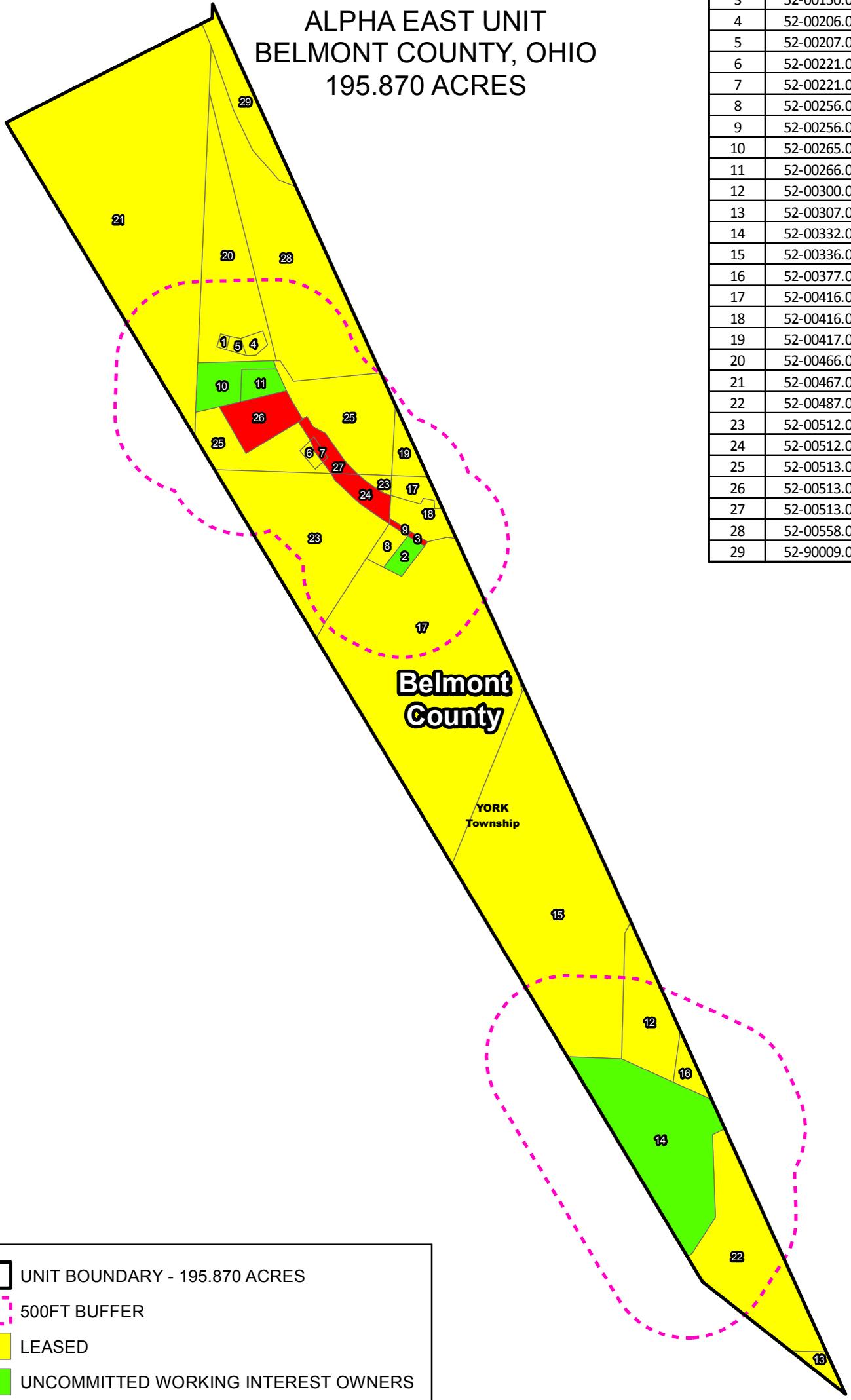
21 **Q66. Does this conclude your testimony?**

22 A66. Yes.

EXHIBIT "JM-2"

GULFPORT ENERGY CORPORATION
 ALPHA EAST UNIT
 BELMONT COUNTY, OHIO
 195.870 ACRES

MAP ID	PARCEL NUMBER	ACRES
1	52-00012.000	0.118
2	52-00150.000	0.66
3	52-00150.001	0.084
4	52-00206.000	0.38
5	52-00207.000	0.203
6	52-00221.000	0.249
7	52-00221.001	0.148
8	52-00256.000	0.743
9	52-00256.001	0.102
10	52-00265.000	1.984
11	52-00266.000	0.99
12	52-00300.000	4.929
13	52-00307.000	0.657
14	52-00332.000	12.95
15	52-00336.000	30.847
16	52-00377.000	0.915
17	52-00416.000	32.826
18	52-00416.001	1.645
19	52-00417.000	1.125
20	52-00466.000	8.745
21	52-00467.000	36.78
22	52-00487.000	10.79
23	52-00512.000	13.058
24	52-00512.001	1.113
25	52-00513.000	10.638
26	52-00513.001	2.5
27	52-00513.002	0.816
28	52-00558.000	16.497
29	52-90009.000	3.378



UNIT BOUNDARY - 195.870 ACRES
 500FT BUFFER
 LEASED
 UNCOMMITTED WORKING INTEREST OWNERS
 UNLEASED

ALPHA EAST
 YORK TOWNSHIP BELMONT COUNTY, OHIO

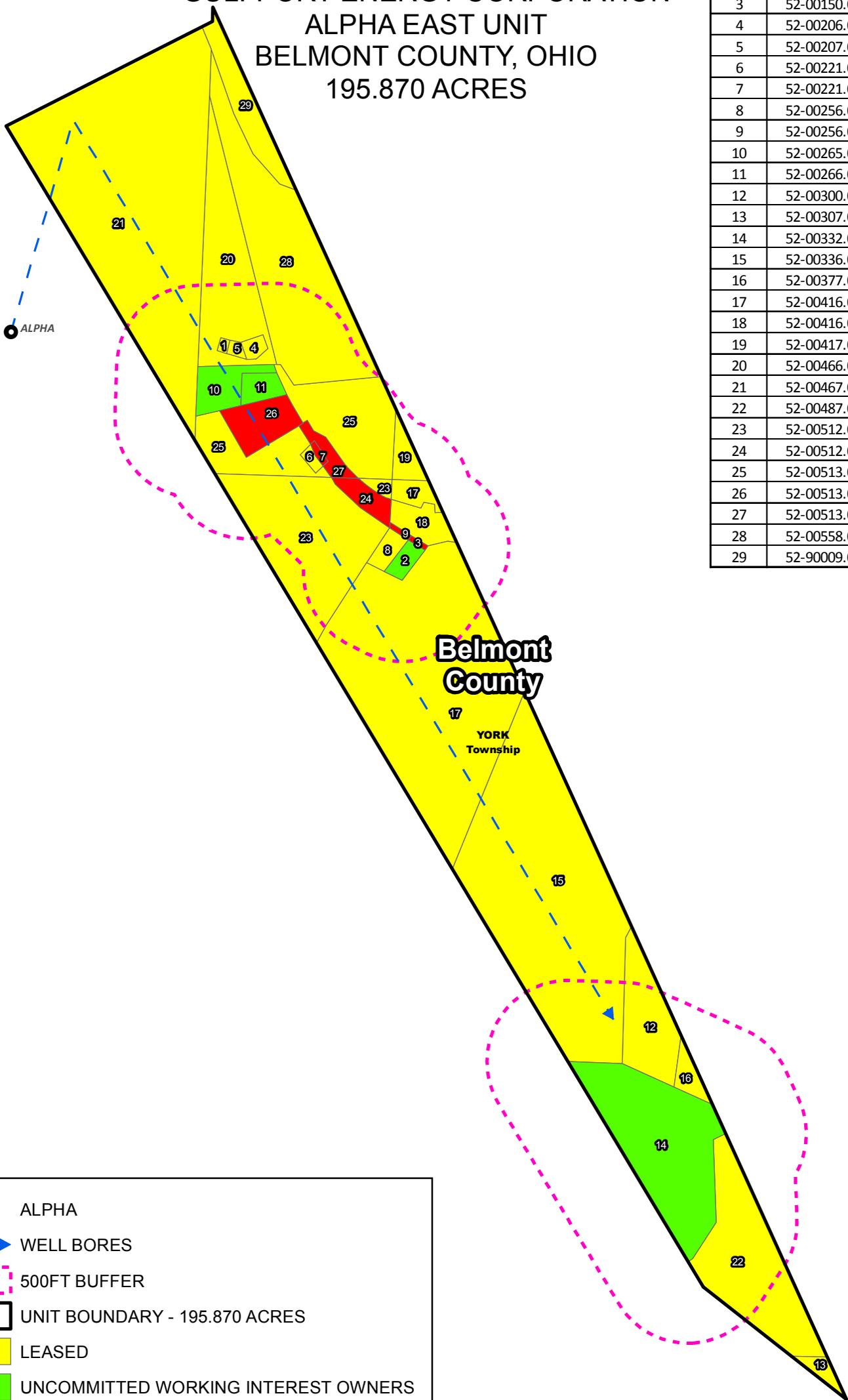


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 0 1,720
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EXHIBIT "JM-4"

GULFPORT ENERGY CORPORATION
 ALPHA EAST UNIT
 BELMONT COUNTY, OHIO
 195.870 ACRES

MAP ID	PARCEL NUMBER	ACRES
1	52-00012.000	0.118
2	52-00150.000	0.66
3	52-00150.001	0.084
4	52-00206.000	0.38
5	52-00207.000	0.203
6	52-00221.000	0.249
7	52-00221.001	0.148
8	52-00256.000	0.743
9	52-00256.001	0.102
10	52-00265.000	1.984
11	52-00266.000	0.99
12	52-00300.000	4.929
13	52-00307.000	0.657
14	52-00332.000	12.95
15	52-00336.000	30.847
16	52-00377.000	0.915
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19	52-00417.000	1.125
20	52-00466.000	8.745
21	52-00467.000	36.78
22	52-00487.000	10.79
23	52-00512.000	13.058
24	52-00512.001	1.113
25	52-00513.000	10.638
26	52-00513.001	2.5
27	52-00513.002	0.816
28	52-00558.000	16.497
29	52-90009.000	3.378



- ALPHA
- WELL BORES
- 500FT BUFFER
- UNIT BOUNDARY - 195.870 ACRES
- LEASED
- UNCOMMITTED WORKING INTEREST OWNERS
- UNLEASED

ALPHA EAST
 YORK TOWNSHIP BELMONT COUNTY, OHIO

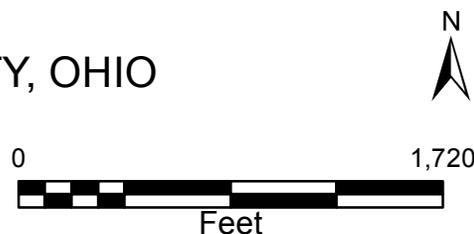


Exhibit 6.1

Working Interest Owners

Attached to and made a part of that certain Unit Operating Agreement dated December 15, 2015 as approved by the Ohio Department of Natural Resources for the Alpha East Unit

TRACT NUMBER	LESSOR	SURFACE ACRES IN UNIT	TAX MAP PARCEL ID NUMBERS
1	Roger Saffell (50%)	0.11800	52-00012.000
4	Larry E. and Joyce A. McNear, Trustees of McNear Revocable Living Trust dated 23 May 2006	0.38000	52-00206.000
5	Larry E. and Joyce A. McNear, Trustees of McNear Revocable Living Trust dated 23 May 2006	0.20300	52-00207.000
6	William and Cynthia Moore	0.24900	52-00221.000
8	David Smith and Nada Smith, husband and wife (50% each)	0.74300	52-00256.000
12	John R. Anderson and wife, Sandra F. Anderson (50%)	4.92900	52-00300.000
12	Jodi R. Forni, a single person (50%)	4.92900	52-00300.000
13	Glen Schnegg and Marsha L. Schnegg	0.65700	52-00307.000
15	Dustin D. and Carrie S. Nipert	30.84700	52-00336.000
16	Dale L. Goudy and Deborah A. Goudy, husband and wife	0.91500	52-00377.000
17	David A. Smith and Lisa R. Smith, husband and wife **	32.82600	52-00416.000
17	Bonnie Bonar (Spouse: Lee Bonar)		52-00416.000
17	Gerald Duvall (Spouse: Gary Colangelo)		52-00416.000
17	Marlene Kay Krupa (Spouse: Martyn Krupa)		52-00416.000
17	Terry Duvall (spouse: Melva Duvall)		52-00416.000
17	Lloyd George Steiner (Spouse: Julia Steiner)		52-00416.000
17	Marie Korner		52-00416.000
17	James Reynolds. Widower		52-00416.000
17	Patricia B. Ehrler, widow		52-00416.000
18	David A. Smith and Lisa R. Smith, husband and wife		1.64500
19	David A. Smith and Lisa R. Smith, husband and wife	1.12500	52-00417.000
20	Larry E. McNear and Joyce A. McNear, trustees of The McNear Revocable Living Trust dated 23 May 2006	8.74500	52-00466.000
21	Larry E. McNear and Joyce A. McNear, trustees of The McNear Revocable Living Trust dated 23 May 2006	36.78000	52-00467.000
22	Mary K. Schnegg, widow and Glen E. Schnegg and wife, Marsha L. Schnegg	10.79000	52-00487.000
23	Floyd Scott and Calleen Dunfee, husband and wife	13.05800	52-00512.000
25	Floyd Scott and Calleen Dunfee, husband and wife	10.63800	52-00513.000
28	Cravat Coal Company, an Ohio Corporation	16.49700	52-00558.000
29	NFSRR	3.37800	52-90009.000
		174.52300	