

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

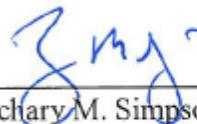
In re the Matter of the Application of :
Gulfport Energy Corporation, for :
Unit Operation : Application Date: December 15, 2015
 : Supplement Date: April 19, 2016
Alpha West Unit :

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 West 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
 : Supplemented: April 19, 2016
Alpha West Unit :

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

Zachary M. Simpson (0089862)
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Exhibit 2 Unit Operating Agreement

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

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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
 :
Alpha West 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 West 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 West Unit is located in Belmont County, Ohio, and consists of seventeen (17) 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 West Unit is approximately 561.661 acres. Gulfport has the right to drill on and produce from approximately 529.875 acres of the proposed unit through its leasehold interest and certain trade agreements with Ascent Resources – Utica, LLC (“ARU”) – i.e., approximately ninety-five percent (94.3407%) 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 four horizontal wells in the Unitized Formation from a single well pad located to the northwest of the Alpha West 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 West 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 West Unit. The Unit Plan contemplates the potential drilling approximately four (4) horizontal wells from a single well pad, with lateral lengths ranging from 5,651 feet to 6,314 feet.⁷ Gulfport estimates that the ultimate recovery from this unit development could be as much as 58 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 West

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.

Unit would yield inferior production results. Oil 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 tracts would likely prevent the development of one full lateral and shorten another.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 West Unit at present, is likely to be approximately \$17.7 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 ninety-five percent (94.3407%) 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.

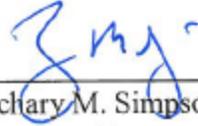
VII. CONCLUSION

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 West Unit according to the Unit Plan attached hereto.

¹⁷ *Id.* at 10-13.

¹⁸ *Id.* at 11-13.

Respectfully submitted,



Zachary M. Simpson (0089862)
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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 West 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	11688	Didado's Ridge, LLC, by Gary J. Didado, Co-Manager	Y	8.56000	1.5241%	52-00046.000	York	Belmont	OH	0.0152	0.0152		0.0152	1243 Portage Line RD	Akron	OH	44312
2	11688	Didado's Ridge, LLC, by Gary J. Didado, Co-Manager	Y	181.19100	32.2599%	52-00323.000	York	Belmont	OH	0.3226	0.3226		0.3226	1243 Portage Line RD	Akron	OH	44312
3	12742	James M. Clark and Kelly Ann Clark, husband and wife	Y	7.39200	1.3161%	52-00329.000	York	Belmont	OH	0.0132	0.0132		0.0132	51711 Dover Ridge RD	Powhatan Point	OH	43942
5	11677	Dustin D. and Carrie S. Nipert	Y	15.67300	2.7905%	52-00336.000	York	Belmont	OH	0.0279	0.0279		0.0279	PO Box 8540	Stockton	CA	95208
6	ARU*	Bryan W. Kungle, Christine M. Kungl, and Timothy C. Kungle	Y	15.84900	2.8218%	52-00362.000	York	Belmont	OH	0.0282		0.0282	0.0282	2521 Delta Drive	Uniontown	OH	44685
7	ARU*	Bryan W. Kungle, Christine M. Kungl, and Timothy C. Kungle	Y	22.71300	4.0439%	52-00363.000	York	Belmont	OH	0.0404		0.0404	0.0404	2521 Delta Drive	Uniontown	OH	44685
9	11699	David A. Smith and Lisa R. Smith, husband and wife **	Y	54.26600	9.6617%	52-00416.000	York	Belmont	OH	0.0966	0.0966		0.0966	52402 E Captina HWY	Powhatan Point	OH	43942
9	TBD	Bonnie Bonar (Spouse: Lee Bonar)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA			1380 Van Meter Way	West Liberty	WV	26074
9	TBD	Gerald Duvall (Spouse: Gary Colangelo)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA			39 Kenmare Way	Rehoboth Beach	DE	19971
9	TBD	Marlene Kay Krupa (Spouse: Martyn Krupa)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA			5959 Old Workman Rd	Shadyside	OH	43947
9	TBD	Terry Duvall (spouse: Melva Duvall)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA			584 West 47th Street	Shadyside	OH	
9	TBD	Lloyd George Steiner (Spouse: Julia Steiner)	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA			37221 FM 187	Vanderpool	TX	78885
9	TBD	Marie Korner	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA			54236 E Captina HWY	Powhatan Point	OH	43942
9	TBD	James Reynolds, Widower	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA			223 Pembroke Circle	Jonesborough	TN	37659
9	TBD	Patricia B. Ehrler, widow	Y	DMA	DMA	52-00416.000	York	Belmont	OH	DMA	DMA			17052 Bernardo Oaks Dr	San Diego	CA	92128
10	ARU*	Larry E. McNear and Joyce A. McNear, trustees of The McNear Revocable Living Trust dated 23 May 2008	Y	78.92000	14.0512%	52-00467.000	York	Belmont	OH	0.1405		0.1405	0.1405	52160 E Captina HWY	Powhatan Point	OH	43942
11	12503	Mary K. Schnegg, widow and Glen E. Schnegg and wife, Marsha L. Schnegg	Y	0.13600	0.0242%	52-00487.000	York	Belmont	OH	0.0002	0.0002		0.0002	52009 Cats Run RD	Powhatan Point	OH	43942
12	11661	Floyd Scott and Calleen Dunfee, husband and wife	Y	81.00300	14.4220%	52-00511.000	York	Belmont	OH	0.1442	0.1442		0.1442	55241 Town Hill RD	Jacobsburg	OH	43933
13	11661	Floyd Scott and Calleen Dunfee, husband and wife	Y	25.73300	4.5816%	52-00512.000	York	Belmont	OH	0.0458	0.0458		0.0458	55241 Town Hill RD	Jacobsburg	OH	43933
14	11661	Floyd Scott and Calleen Dunfee, husband and wife	Y	0.29700	0.0529%	52-00513.000	York	Belmont	OH	0.0005	0.0005		0.0005	55241 Town Hill RD	Jacobsburg	OH	43933
16	12737	Walter-Mortez LLC	Y	38.14200	2.2636%	52-00544.000	York	Belmont	OH	0.0226	0.0226		0.0226	3985 Summit Gate	Suwanee	GA	30024
16	12737	Nancy L. Boan and Randy Boan, wife and husband	Y	38.14200	2.2636%	52-00544.000	York	Belmont	OH	0.0226	0.0226		0.0226	48485 East Captina Hwy	Jacobsburg	OH	43933
16	12737	Patricia J. Marcum & Clifford Marcus, Mr., wife and husband	Y	38.14200	2.2636%	52-00544.000	York	Belmont	OH	0.0226	0.0226		0.0226	47715 State Route 556	Bealsville	OH	43716

TOTAL NET LEASED ACRES:	529.87500	94.3407%	94.3407%	73.4238%	20.8168%	94.3407%
TOTAL UNIT ACRES:	561.66100					

*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 West 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	OPEN	UNIT PARTICIPATION	ADDRESS	CITY	STATE	ZIP CODE
9	DMA	Martha Caesar Spouse: Albert Caesar	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	2410 Harbourside Dr - APT 141, Longboat Key, FL 34228			
9	DMA	Tom Steiner Spouse: Maureen Ferguson Steiner	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	6815 Gulf of Mexico Dr., Longboat Key, FL 34228			
9	DMA	Mark Steiner Spouse: Mary Ellen McCann Steiner	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	7 Hewins Farm Rd., Welsley MA 02481-6838			
9	DMA	Robert O. Thomas, widow and divorced	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	2912 Washington Blvd., Belpre, OH 45714 or 7650 NW 146th St., Trenton, FL 32693			
9	DMA	Joe Thomas Spouse: Linda G. Thomas	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	705 Quarry St., Marietta OH 45750			
9	DMA	Frank Thomas Spouse: Shirley Thomas	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	807 Garfield Ave., Marietta, OH 45750			
9	DMA	Chester Ross Thomas Spouse: Debora Thomas	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	509 6th St., Marietta, OH 45750			
9	DMA	Deanna Murdy, divorced	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	1220 S. Adams St., Spokane, WA 99204			
9	DMA	Janice Sather Spouse: Curtis E. Sather	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	5209 S. Mohawk Dr., Spokane, WA 99206			
9	DMA	James Kjelland, single	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	PO Box 3906, Ketchum, ID 83340 415 W. Warm Springs Rd., Ketchum, ID 83340			
9	DMA	Kurt Otto Krisher	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	6135 Timberlook Ln, Columbus, OH 43228			
9	DMA	Kim Gallo	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	11800 Christian Ave, Painesville, OH 44077			
9	DMA	Norita R. Reynolds, widow	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	606 Fairway Village, Leeds MA 01053 (Home) 3 Palms Beach Vacation Rentals			
9	DMA	Robert Reynolds Spouse: Mary Reynolds	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	149 Osborne Drive, Pittston, PA 18640			
9	DMA	Harold Reynolds	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	1809 Cairo Bend Rd., Lebanon, TN 37087			
9	DMA	Mark Reynolds	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	1249 Mazarion Place New Port Richey, FL 34655 or 334 Arbor Dr. East Palm Harbor, FL 34683			
9	DMA	Audrey Reynolds Lowman Spouse: Frank Lowman	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	3815 Via Palemeno, Palos Verdes Estates, CA 90274 3431 Lomita Blvd, Torrance, CA 90505 (WORK)			
9	DMA	Barbara A. Morrison Spouse: Donald Morrison	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	106 East Chicory Crossing, Hendersonville NC 28739			
9	DMA	Bonnie M. Ryan Spouse: Richard D. Ryan	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	1 John Anderson Drive Unit 204, Ormond Beach, FL 32176			
9	DMA	Bradley Scott Masters	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	629 North Jefferson Ave., Dixon IL 61021			
9	DMA	United Methodist Church	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	107 Main St., Powhatan Point, OH 43942 or 169 Main St., Powhatan Point, OH 43942			

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9	DMA	Ruth Carpenter, Deceased	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	3495 LIBERTY AVENUE, SHADYSIDE, OH 43947			
9	DMA	Howard Perkins Spouse: Marilyn Perkins	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	55490 Belmont Ridge Rd., Beallsville OH 43716			
9	DMA	Harold Reuben Perkins Spouse: Betty Lou Perkins	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	70207 Crescent Rd., St. Clairsville OH 43950			
9	DMA	Sheree M. Haavik aka: Shirley M. Cottrill and Shirlee M. Cottrill (Spouse: Douglas Haavik)	N	DMA	DMA	52-00416.000	York	Belmont	OH	0.00	0.00	DMA	DMA	10533 Morada, Orange CA 92869 or 711 West 17th St., Suite F-6, Costa Mesa CA 92627			
15	Unleased Mineral Owner	Bellaire Corporation (formerly known as The North American Coal Corporation, an Ohio	N	1.010	0.1798%	52-00527.000	York	Belmont	OH	0.0000		1.0100	0.1798%	5636 Fountain Nook	Apple Creek	OH	44606
17	Unleased Mineral Owner	Unknown (Orphan Tract)	N	3.05700	0.5443%	UNKNOWN	York	Belmont	OH	0.0000	0.0000	3.0570	0.5443%	UNKNOWN	UNKNOWN	UNKNOWN	UNKNOWN
				TOTAL UNITIZED ACRES:		4.067	0.7241%				0.0000	0.0000	4.0670				
				TOTAL UNIT ACRES:		561.661											

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, 2016
: Supplement Date: April 19, 2016
Alpha West 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 West Unit, consisting of seventeen (17) separate
8 tracts of land totaling approximately 561.661 acres in Belmont County, Ohio. My
9 testimony addresses the following: (1) unit operations for the Alpha West 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 West 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 be able to drill 2 horizontal wells
12 (approximately 5,758' average lateral length) when considering the 500 feet limit of the
13 unleased parcels. If the acreage were approved for full development, Gulfport would be
14 able to drill 4 horizontal wells (approximately 6,047' average lateral length) from a single
15 pad in the unit. I estimated the reserves for each scenario in this four-well unit.

16 **Q13. Why horizontal wells?**

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

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

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

1 unconventional resources like shale gas formations.

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

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

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

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

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

13 A17. Yes.

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

16 A18. Yes, I have evaluated and estimated the production potential from the Utica formation in
17 the Alpha West Unit and believe that the gross production from unitized operations, as
18 proposed in this application, if successful, could be as much as 58 BCF of gas.

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

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

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

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

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

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

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

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

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

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

19 A23. Yes

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

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

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

24 A25. First, I looked at the economics of non-unitization. In this case, Gulfport has to avoid the
25 unleased parcels and, as a result, will not be able to drill laterals B and C. The Alpha
26 West A and D laterals would measure approximately 5,759' and 5,756', respectively.

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 four horizontal laterals. The Alpha West A, B, C and D
31 laterals would measure approximately 6,301', 5,921', 5,651, and 6,314', respectively.

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

2 A27. Yes. If Gulfport develops the acreage under the non-unitized scenario with two
3 horizontal laterals, I project that it will produce approximately 27 BCF of gas over the
4 combined productive life of the two wells. If unitization occurs, Gulfport will be able to
5 produce approximate 58 bcf of gas over the productive life of the four wells.

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

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

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

16 A29. Yes

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

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

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

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

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

30 A32. A six-year forward strip price for April 18, 2016 was used. This is the market's current
31 view of what gas and oil prices will be in the future and are not guaranteed to be the price

1 received for the produced hydrocarbons from the Alpha West Unit. I have attached those
2 figures as Exhibit "DW-2".

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

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

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

13 A34. Yes. The total estimated cost of developing the Alpha West Unit is approximately \$32.8
14 million. Undiscounted Net Cash Flow is \$48.3 million and using a 10% discount rate, the
15 net present value is approximately \$17.7 million.

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

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

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

28 A36. Yes. To increase the exposure to the reservoir and produce the maximum amount of
29 hydrocarbons, placing horizontal wells across the entire proposed unit is ideal. This limits
30 the capital cost by limiting the number of required surface locations and wells and
31 maximizes the production from the proposed unit's operations. Without the proposed

1 unit operations, we would not be able to develop this area. As indicated above, the
2 estimated development of the proposed unit would require \$32.8 million in capital, and
3 would have an undiscounted net cash flow of \$48.3 million and a net present value
4 discounted at 10% per annum of approximately \$17.7 million. Thus, the value of the
5 increased recovery significantly outweighs the increased cost of unitized operation.
6 Financially, it makes sense to operate as a unit.

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

8 A37. Yes

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

10 A38. Yes.

EXHIBIT "DW-1"**ALPHA WEST 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 A	6,301	8,390	5,759	8,003
ALPHA B	5,921	8,105	0	0
ALPHA C	5,651	7,934	0	0
ALPHA D	6,314	8,400	5,756	8,001
TOTAL	24,187	32,829	11,515	16,004

Reserve and Economic Summary		
	Full Dev. Totals	Partial Dev. Totals
Gross Condensate (MBbls.)	0	0
Gross Residue Gas (Bcf)	58,047	27,636
Equivalent EUR (Bcfe)	58,047	27,636
Undis. Net Cash Flow (M\$)	48,334	22,432
PV 10% (M\$)	17,708	8,378

EXHIBIT "DW-2"

STRIP PRICES AS OF APRIL 18, 2016

DATE	OIL PRICE \$/BBL.	GAS PRICE \$/MCF
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 West 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 West Unit?**

3 A10. Yes, after our initial lease acquisition covering the relevant land, I have assisted in
4 the formation of the Alpha West 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 West Unit?**

7 A11. Sure. The Alpha West Unit consists of seventeen (17) distinct parcels of land
8 totaling approximately 566.661 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 412.393 acres of the proposed 566.661**
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.

17 **Q13. What percentage of the total acreage of the Alpha West Unit is represented by**
18 **the oil and gas rights held by Gulfport?**

19 A13. Approximately 73.4238%. In addition, Gulfport has operational and development
20 rights to the 20.9169% interest currently held by Ascent Resources – Utica, LLC
21 (“ARU”), by virtue of an executed trade agreement between Gulfport and ARU as
22 outlined in Exhibit JM-1.1. As a result the Application is brought on behalf of
23 94.3407% of the owners within the Alpha West Unit, which is well above the 65%
24 threshold required by the statute.

25 **Q14. Have other working interest owners in the Alpha West Unit approved the Unit**
26 **Plan prior to filing this application?**

27 A14. No.

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

30 A15. Gulfport has been working a trade agreement covering tracts 4 and 8 as depicted on
31 Exhibit JM-2 with ARU and XTO Energy Inc. (“XTO”) since August of 2015. Unit

1 Tracts 4 and 8 are composed of 27.719 net acres and represents an undivided
2 4.935183% of the Alpha West Unit. Gulfport has been in constant communication
3 with ARU and XTO, and we are working as diligently as we can to come to terms of
4 a mutually acceptable trade agreement.

5 Further, there are two unleased tracts within the Unit (Tracts 15 & 17). Gulfport has
6 been working to lease Tract 15 since November of 2015. Tract 17 is an unknown
7 orphan parcel that Gulfport is working to identify potential claimants, as noted in
8 Exhibit JM-1.5 to my prepared testimony. If Gulfport is able to ascertain the rightful
9 claimants that remain unleased, we will pursue leases.

10 Finally, a portion of Tract 9 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 West Unit?**

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

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

26 A18. No.

27 **UNIT PLAN PROVISIONS.**

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

29 A19. Gulfport plans to develop the Alpha West Unit from a northern pad site that is an
30 estimated 375 feet off the northern Unit boundary line and an estimated 1,900 feet
31 from the eastern Unit boundary line and 3,100 feet from the western Unit boundary

1 line. The pad will be adequately built to drill multiple horizontal wells with a
2 southeasterly orientation in the Unit. The Unit is currently configured to include
3 multiple horizontal wellbores, with projected lateral lengths of approximately 5,100
4 to 6,100 feet.

5 **Q20. Can you describe the location of the proposed wellbores within the Alpha West**
6 **Unit?**

7 A20. Yes. I have attached as Exhibit JM-3 & JM-4 to my testimony a plat showing the
8 configuration of the wellbores. It shows the pad site located just inside the northern
9 boundary of the Alpha West Unit with four wellbores configured to be drilled parallel
10 in a southeasterly direction spaced 827 feet apart on an approximate 30 degree angle.
11 Further, Gulfport has permitted the Goudy Unit which lies adjacent to the Alpha
12 West Unit. I have attached as Exhibit JM-5 to my testimony a plat showing the
13 location of this unit.

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

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

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

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

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

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

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

30 A24. Developing the Alpha West Unit in the manner previously described protects the
31 correlative rights of the Unit participants while also providing for substantial

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

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

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

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

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

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

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

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

29 A28. No. The Unit Agreement only Unitizes the oil and gas rights located fifty feet above
30 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 West 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 West 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 West 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 West 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 Didado’s
24 Ridge, LLC tract comprises 8.56 surface acres in the 561.661 acre Alpha West Unit,
25 which equates to a tract participation of approximately 1.5241% (8.56/561.661).

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

28 A32. It would mean that roughly 1.5241% of all production from the Alpha West Unit
29 would be allocated to the Didado 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 West 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 West 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 West 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 West 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 West 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 West Unit reasonably necessary to increase**
13 **substantially the ultimate recovery of oil and gas?**

14 A65. Yes. Unit operations for the Alpha West 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 West Unit represents a reasonable
20 and efficient means to develop the Utica Shale.

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

22 A66. Yes.

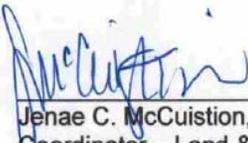
22. Mark Reynolds
23. James Reynolds. Widower
24. Audrey Reynolds Lowman
Spouse: Frank Lowman
25. Patricia B. Ehrler, widow
26. Barbara A. Morrison
Spouse: Donald Morrison
27. Bonnie M. Ryan
Spouse: Richard D. Ryan
28. Bradley Scott Masters
29. United Methodist Church
30. Ruth Carpenter, Deceased
31. Howard Perkins
Spouse: Marilyn Perkins
32. Harold Reuben Perkins
Spouse: Betty Lou Perkins
33. Sheree M. Haavik
aka: Shirley M. Cottrill and Shirlie
M. Cottrill
(Spouse: Douglas Haavik)

Collectively, the “DMA Claimants”

4. Pursuant to the unit survey, the *static* DMA interest in the Subject Parcel makes up 54.266 acres out of the 561.661 acre Alpha West Unit.
5. On or around December 2015, a representative of Affiant, began contacting the Claimants via mailings and phone calls to offer protection leases.
6. These efforts have yielded 8 executed protection leases out of the 33 Claimants.
7. The Affiant states that Gulfport will continue to make every effort to obtain protection oil and gas leases with the Claimants of tax parcel 52-00416.000 to include the entirety of the parcel as it is found within this unit.

Further Affiant sayeth naught.

Dated this 19th day of April
2016.



Jenae C. McCuiston, Affiant
Coordinator – Land & Legal
Gulfport Energy Corporation

ACKNOWLEDGEMENT

STATE OF OKLAHOMA)
) SS
COUNTY OF Oklahoma)

The foregoing instrument was sworn to before me, a Notary Public in and for the State of Ohio, and subscribed in my presence this 19th day of April, 2016, by Jenae C. McCuiston, known to me or satisfactorily proven to be the Affiant in the foregoing instrument, who acknowledged the above statements to be true as Affiant verily believes.

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

My Commission Expires:

9/3/18
#02014969

Karen Kay Terry
Notary Public
KAREN KAY TERRY
Printed Name of Notary

(SEAL)



EXHIBIT "JM-2"

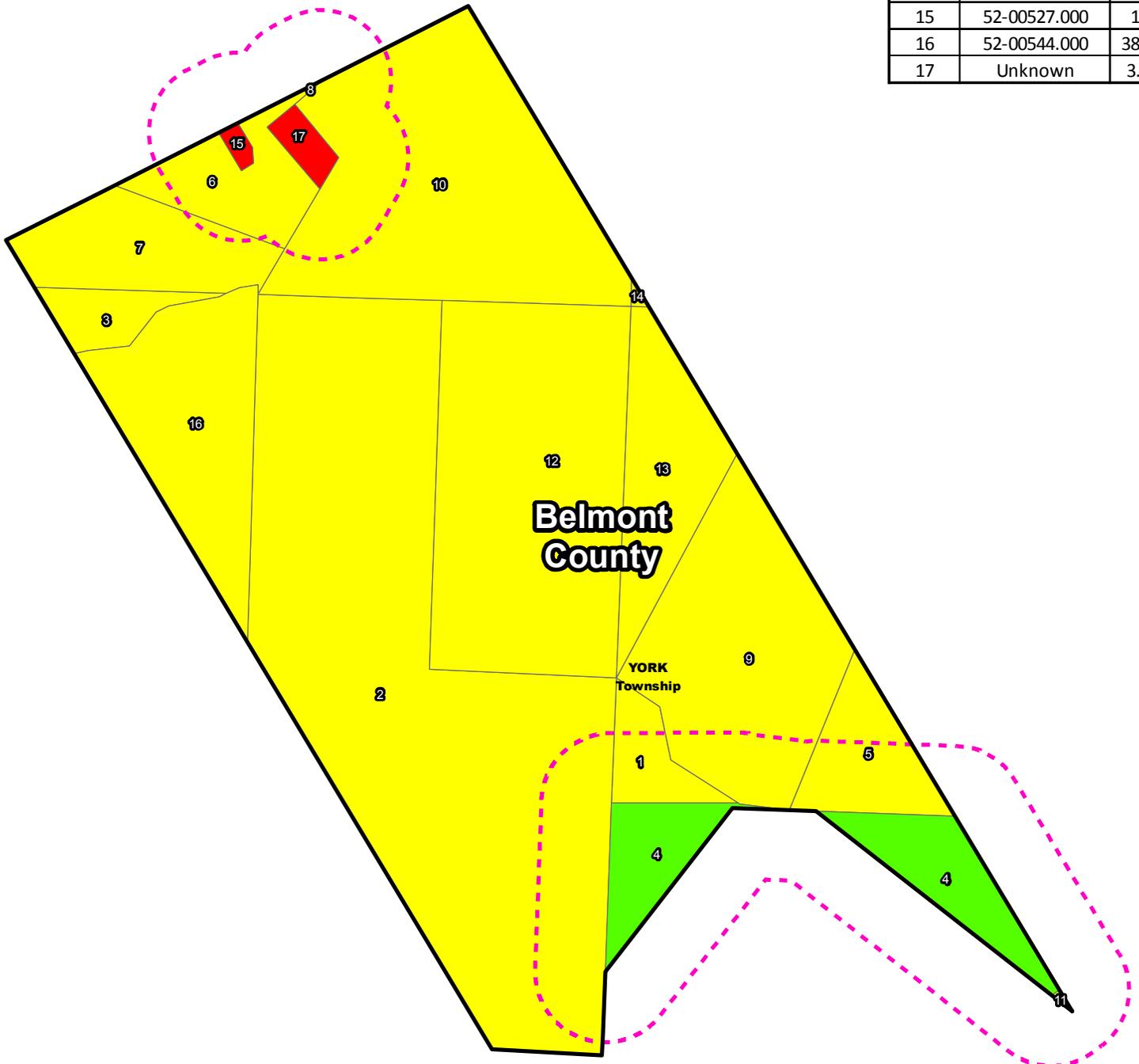
GULFPORT ENERGY CORPORATION

ALPHA WEST UNIT

BELMONT COUNTY, OHIO

561.661 ACRES

MAP ID	PARCEL NUMBER	ACRES
1	52-00046.000	8.56
2	52-00323.000	181.191
3	52-00329.000	7.392
4	52-00332.000	27.659
5	52-00336.000	15.673
6	52-00362.000	15.849
7	52-00363.000	22.713
8	52-00381.000	0.06
9	52-00416.000	54.266
10	52-00467.000	78.92
11	52-00487.000	0.136
12	52-00511.000	81.003
13	52-00512.000	25.733
14	52-00513.000	0.297
15	52-00527.000	1.01
16	52-00544.000	38.142
17	Unknown	3.057



	UNIT BOUNDARY - 561.661 ACRES
	500FT BUFFER
	LEASED
	UNCOMMITTED WORKING INTEREST OWNERS
	UNLEASED

ALPHA WEST
YORK TOWNSHIP BELMONT COUNTY, OHIO

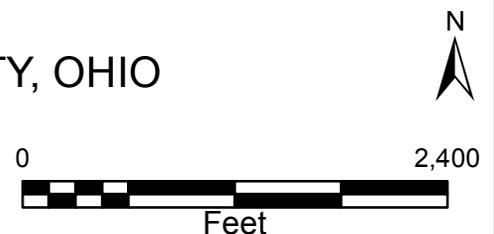
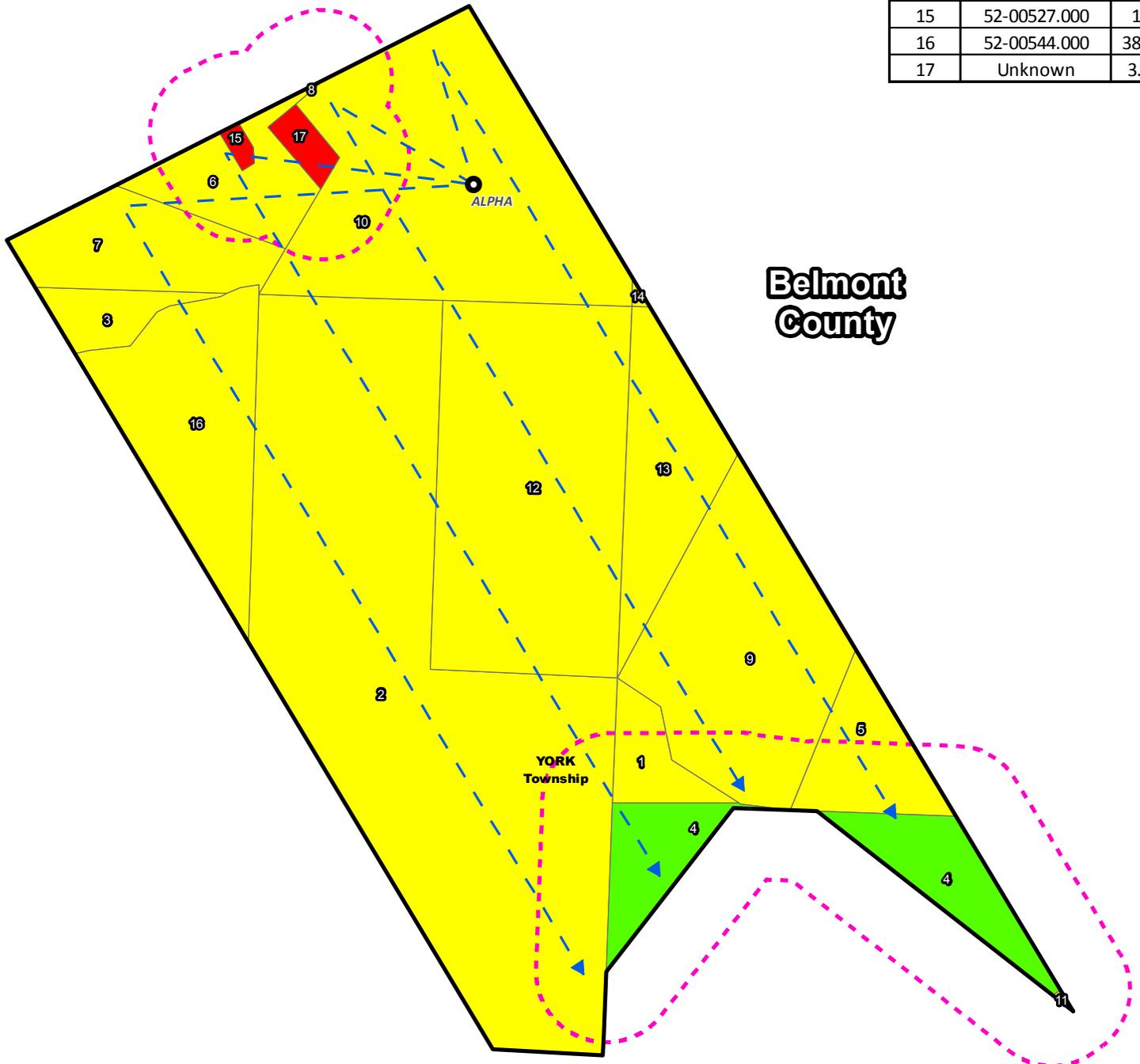


EXHIBIT "JM-4"

GULFPORT ENERGY CORPORATION
 ALPHA WEST UNIT
 BELMONT COUNTY, OHIO
 561.661 ACRES

MAP ID	PARCEL NUMBER	ACRES
1	52-00046.000	8.56
2	52-00323.000	181.191
3	52-00329.000	7.392
4	52-00332.000	27.659
5	52-00336.000	15.673
6	52-00362.000	15.849
7	52-00363.000	22.713
8	52-00381.000	0.06
9	52-00416.000	54.266
10	52-00467.000	78.92
11	52-00487.000	0.136
12	52-00511.000	81.003
13	52-00512.000	25.733
14	52-00513.000	0.297
15	52-00527.000	1.01
16	52-00544.000	38.142
17	Unknown	3.057



- ALPHA
- WELL BORES
- 500FT BUFFER
- UNIT BOUNDARY - 561.661 ACRES
- LEASED
- UNCOMMITTED WORKING INTEREST OWNERS
- UNLEASED

ALPHA WEST
 YORK TOWNSHIP BELMONT COUNTY, OHIO

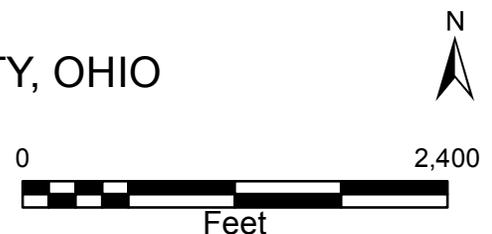


Exhibit 6.1

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 West Unit

TRACT NUMBER	LESSOR	SURFACE ACRES IN UNIT	TAX MAP PARCEL ID NUMBERS
1	Didado's Ridge, LLC, by Gary J. Didado, Co-Manager	8.56000	52-00046.000
2	Didado's Ridge, LLC, by Gary J. Didado, Co-Manager	181.19100	52-00323.000
3	James M. Clark and Kelly Ann Clark, husband and wife	7.39200	52-00329.000
5	Dustin D. and Carrie S. Nipert	15.67300	52-00336.000
6	Bryan W. Kungle, Christine M. Kungl, and Timothy C. Kungle	15.84900	52-00362.000
7	Bryan W. Kungle, Christine M. Kungl, and Timothy C. Kungle	22.71300	52-00363.000
9	David A. Smith and Lisa R. Smith, husband and wife **	54.26600	52-00416.000
9	Bonnie Bonar (Spouse: Lee Bonar)		52-00416.000
9	Gerald Duvall (Spouse: Gary Colangelo)		52-00416.000
9	Marlene Kay Krupa (Spouse: Martyn Krupa)		52-00416.000
9	Terry Duvall (spouse: Melva Duvall)		52-00416.000
9	Lloyd George Steiner (Spouse: Julia Steiner)		52-00416.000
9	Marie Korner		52-00416.000
9	James Reynolds. Widower		52-00416.000
9	Patricia B. Ehrler, widow		52-00416.000
10	Larry E. McNear and Joyce A. McNear, trustees of The McNear Revocable Living Trust dated 23 May 2006	78.92000	52-00467.000
11	Mary K. Schnegg, widow and Glen E. Schnegg and wife, Marsha L. Schnegg	0.13600	52-00487.000
12	Floyd Scott and Calleen Dunfee, husband and wife	81.00300	52-00511.000
13	Floyd Scott and Calleen Dunfee, husband and wife	25.73300	52-00512.000
14	Floyd Scott and Calleen Dunfee, husband and wife	0.29700	52-00513.000
16	Walter-Mortez LLC	38.14200	52-00544.000
16	Nancy L. Boan and Randy Boan, wife and husband	38.14200	52-00544.000
16	Patricia J. Marcum & Clifford Marcus, Mr., wife and husband	38.14200	52-00544.000
		529.87500	