



Ohio Department of Natural Resources

MIKE DeWINE, GOVERNOR

MARY MERTZ, DIRECTOR

Eric Vendel, Chief

Division of Oil and Gas Resources Management
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ORDER BY THE CHIEF

March 10, 2021

ORDER NO. 2021-48

**TO: Ascent Resources - Utica, LLC
P.O. Box 13678
Oklahoma City, OK 73113**

**RE: Application for Unitization
Breeze W RCH BL Unit
Belmont County, Ohio**

**SUBJECT: Order for Unit Operations of the Utica/Point Pleasant Formations for the
Breeze W RCH BL Unit**

Pursuant to Ohio Revised Code (“R.C.”) § 1509.28, the Chief of the Division of Oil and Gas Resources Management (“Chief” or “Division”) makes the following Findings and issues the following Order with respect to Ascent Resources - Utica, LLC’s (“Ascent”) Application for Unit Operations for the Breeze W RCH BL Unit:

DEFINITIONS:

As used in this order:

- 1) “Person” has the same meaning as in R.C. § 1509.01.
- 2) “Application” means the application of Ascent Resources - Utica, LLC for Unit Operation of the Breeze W RCH BL Unit dated October 9, 2020, consisting of a minimum of a Unit Agreement, Model Form Operating Agreement, relevant exhibits, and pre-filed testimony from a geologist, a reservoir engineer, and a landman, and includes all updates, amendments, and supplements to it.
- 3) “Royalty interest owner” means a person or the estate of a person, other than a working interest owner, who owns the right to or interest in any portion of the oil and/or gas, or proceeds from the sale thereof, from a tract.

- 4) "Working interest" means an interest in oil and/or gas in the unit area by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of which is obligated to pay, either in cash or out of production or otherwise a portion of the unit expense.
- 5) "Working interest owner" means a person or the estate of a person who owns an interest in oil and/or gas in the unit area by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of which is obligated to pay, either in cash or out of production or otherwise a portion of the unit expense. "Working interest owner" does not include an unleased mineral owner.
- 6) "Unleased mineral owner" means a royalty interest owner who owns oil and/or gas rights free of a lease or other instrument conveying all or any portion of the working interest in such rights to another. At the time of this order, the unleased mineral owners as identified by Ascent include those listed on Exhibit A for the corresponding tracts in the exhibit.
- 7) "Consenting working interest owner" means any working interest owner who enters into an agreement with Ascent pertaining to the operation of the Breeze W RCH BL Unit.
- 8) "Non-consenting working interest owner" means a working interest owner who does not enter into an agreement with Ascent pertaining to the operation of the Breeze W RCH BL Unit. At the time of this order, there are no non-consenting working interest owners identified by Ascent.
- 9) "Gas" has the same meaning as in R.C. § 1509.01.
- 10) "Oil" has the same meaning as in R.C. § 1509.01.
- 11) "Unit Area" means all of the lands, oil and gas leases and/or oil and gas interests of the tracts as shown in Exhibit B totaling 320.648 acres located in Richland Township, in Belmont County, Ohio as shown in Exhibit C.
- 12) "Unit Participation" means the ratio of the surface acreage of a specific tract in the unit area to the total surface acreage of the unit area as that total surface acreage is specified in paragraph one of the Plan for Unit Operations of this order.
- 13) "Gross Proceeds" means a share of the gross production of oil, gas, condensate, and natural gas liquids free of any and all cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, marketing, or pipeline construction and maintenance. "Gross proceeds" does not include costs that result in enhancing the value of marketable oil, gas, condensate, natural gas liquids, or other products to receive a better price so long as the costs are the actual costs of such enhancement and an unleased mineral rights owner's pro rata part of such cost is less than the amount of the enhanced value of the product.

- 14) "Net Proceeds" means the share of gross production of oil, gas, condensate, or natural gas liquids after payment of all costs of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing and taxes.

BACKGROUND:

- 1) Ascent filed the application pursuant to R.C. § 1509.28 to conduct unit operations of the Utica/Point Pleasant Formations. The unit operations will occur at an approximate true vertical depth located from 50 feet above the top of the Utica Shale to 50 feet below the base of the Point Pleasant Formation.
- 2) Pursuant to R.C. § 1509.28, the Division held a hearing on January 20, 2021 via Webex in accordance with Ohio law and other state requirements in effect at the time the hearing was scheduled. The hearing was held to consider the need for the operation as a unit of an entire pool or part thereof. Ascent employees provided testimony on the application and answered questions from Division staff.

FINDINGS:

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

ORDER:

IT IS HEREBY ORDERED:

Pursuant to R.C. § 1509.28, Ascent is authorized to conduct operations within the Breeze W RCH BL Unit in accordance with all of the following:

Plan for Unit Operations

- 1) The unit area is comprised of the tracts totaling 320.648 acres in Richland Township, in Belmont County, Ohio, as shown on Exhibit C.

- 2) Ascent proposes to drill one well in the Breeze W RCH BL Unit for the purpose of recovering oil and gas. Ascent shall drill at least one well to total measured depth as specified in the application in the unit area within 12 months from the date of approval of this Order as prescribed in Paragraph 10 of this order. If Ascent fails to drill at least one well to total measured depth as specified in the application in the unit area within 12 months from the date of approval of this Order as prescribed in Paragraph 10 of this order, the Chief may revoke this order. In order to achieve the stated goal of substantially increasing the ultimate recovery of oil and gas from the Utica/Point Pleasant Formations within the unit area, Ascent shall produce from one well no later than two years after the date of approval of this order. If Ascent fails to drill, complete, and produce at least one well in the unit area, the Chief may amend or terminate this order. Any additional wells permitted by the Chief for the Utica/Point Pleasant Formations in the unit area are subject to this order.
- 3) Evidence introduced by Ascent at the Breeze W RCH BL Unit hearing establishes that the Utica/Point Pleasant Formation uniformly underlies the unit area. Therefore, the allocated share of production to each tract shall be equal to that tract's unit participation.
- 4) Except as provided in Paragraph 9(d) of this order, all charges and credits made for investments in wells, tanks, pumps, machinery, materials, and equipment contributed to the Breeze W RCH BL unit operations shall be allocated among the working interest owners of each tract based on the unit participation. The proportionate share of the expenses attributable to tracts of the unleased mineral owners shall be allocated to Ascent and the working interest owners.
- 5) All unit operation expenses, including capital investment, shall be charged to, and paid by, Ascent and working interest owners in amounts based on the unit participation plus their proportionate share of the expenses attributable to the tracts of unleased mineral owners. All unit operation expenses concerning wells and operating equipment shall be just and reasonable.
- 6) If necessary, Ascent and the consenting working interest owners shall carry, or otherwise finance, any non-consenting working interest owners who are unable to meet their financial obligations in connection with the unit operations. Ascent and all other consenting working interest owners' reasonable interest charge for carrying or financing the non-consenting working interest owners shall be determined by the terms of Ascent's Unit Agreement and Model Form Operating Agreement for the Breeze W RCH BL Unit. Once a specific cost is charged to the initial well, that same cost cannot be charged to subsequent wells in the unit area.
- 7) Ascent shall supervise and conduct all unit operations. Each working interest owner shall have a voting interest equal to its Unit Participation. Approval of unit operations shall be subject to the terms of Ascent's Unit Agreement and Model Form Operating Agreement for the Breeze W RCH BL Unit.

- 8) Unit operations may commence as of 7:00 a.m. on the day following the date of approval of this order as prescribed in Paragraph 10 of this order. Once the initial well is placed into production, operations within the Breeze W RCH BL Unit may continue as long as hydrocarbons are produced from any well in the unit area without a cessation of more than 90 days, unless otherwise approved by the Chief in writing. The Breeze W RCH BL Unit may be terminated if working interest owners owning at least 51% of the working interest in the unit area determine that the unit operations are no longer warranted. If the unit operations are so terminated, Ascent shall provide written notice of the termination to the Division and to all unleased mineral owners. In addition to the notice of termination, Ascent shall provide an affidavit to the Division attesting to the basis of the termination and all dates applicable to that basis. If termination of unit operations occurs prior to drilling and completing for production of one well in the Breeze W RCH BL Unit, the Chief may amend this order.

- 9) The following additional provisions are found to be appropriate:
 - a) No activity associated with the drilling, completion, or operation of the Breeze W RCH BL Unit shall be conducted on the surface of any unleased property without the prior written consent of the owner of the surface rights of the unleased property.

 - b) Unleased mineral owners shall not incur liability for any personal or property damage associated with any drilling, testing, completing, producing, operating, or plugging and restoration activities within the Breeze W RCH BL Unit.

 - c) Each unleased mineral owner shall receive a monthly cash payment equal to a one-eighth share of the gross proceeds from production. Allocation of the one-eighth share shall be based on the unit participation of each unleased mineral owner's tract. Ascent shall make monthly cash payments to all unleased mineral owners at the same time the royalty interest owners are paid.

 - d) In addition to the cash payment specified in paragraph 9(c) of this Order, each unleased mineral owner shall receive a monthly cash payment equal to a seven-eighths share of the net proceeds from production. Allocation of the seven-eighths share shall be based on the unit participation of each unleased mineral owner's tract. After Ascent recovers 200% of the cost of drilling, testing, and completing the initial well, Ascent shall begin making the monthly payments to the unleased mineral owners for that well. For each additional well drilled in the unit area, Ascent shall begin making monthly payments equal to seven-eighths share of net proceeds from production to each unleased mineral owner once the working interest owners have recovered 150% of the cost of drilling, testing, and completing each additional well. Once a specific cost is charged to the initial well, that same cost cannot be charged to subsequent wells in the unit area.

- e) Nothing in this order prohibits an unleased mineral owner from entering into a lease agreement with Ascent or with any other person. An unleased mineral owner who enters into a lease of their mineral interests with any person after the issuance of this order is no longer an unleased mineral owner under this order as of the effective date of the lease. Ascent shall notify the Division upon the execution of a lease agreement with any unleased mineral owner who is subject to this order.
- f) Except as provided in Paragraph 9(d) of this order, no expenses shall be paid by an unleased mineral owner for drilling, testing, completing, producing, or operating any well in the unit area. Moreover, unleased mineral owners are not responsible for any costs related to plugging any well or any restoration in the unit area.
- g) If requested in writing by any unleased mineral owner or by any non-consenting working interest owner, or in any manner by the Division, Ascent shall provide, not later than 30 days after the request, any of the following:
 - i. A monthly statement of all costs incurred, together with the quantity of oil and gas produced, and the amount of proceeds realized from the sale of production during the preceding month; and
 - ii. Any authorization for expenditure (AFE) prepared by Ascent; and
 - iii. A statement of all costs and expenses for purposes of Paragraphs 6 and 9(d) of this order.
- h) Ascent shall notify the Division of the assignment or transfer of any of its working interest in the Breeze W RCH BL Unit. If Ascent assigns or transfers any of its working interest, the assignee or transferee shall comply with this order. Within 60 days of the notice of assignment or transfer, Ascent shall file a copy of the notice with the Belmont County (Ohio) Recorder's Office, in the records of each of the tracts that are subject to this order and referenced in Exhibit C of this order. Ascent shall submit a certification of the filing to the Division within 14 days of filing.
- i) Ascent shall notify the Division if a person that is leased by Ascent, or any other consenting working interest owner, for purposes of operating the Breeze W RCH BL Unit becomes unleased. If a person becomes unleased, the person is an unleased owner under this order and paragraphs 9(c) and 9(d) of this order apply.

- j) Ascent shall notify the Division if any consenting working interest owner revokes, rescinds, or otherwise terminates the agreement with Ascent pertaining to the operation of the Breeze W RCH BL Unit. If a consenting working interest owner revokes, rescinds, or otherwise terminates the agreement with Ascent, the working interest owner becomes a non-consenting working interest owner pursuant to this order. Ascent also shall notify the Division if any consenting working interest owner assigns or transfers all or part of its working interest in the Breeze W RCH BL Unit. All such assignees or transferees are subject to this order.
 - k) Ascent shall notify the Division if any non-consenting working interest owner enters into an agreement with Ascent pertaining to the operation of the Breeze W RCH BL Unit. If a non-consenting working interest owner enters into an agreement with Ascent, the non-consenting working interest owner becomes a consenting working interest owner pursuant to this order.
 - l) If at any point Ascent and consenting working interest owners own less than 65% of the unit, the Chief may amend or terminate this order.
- 10) This order becomes effective on the date Ascent provides the Chief with final written approval of the unit operations as prescribed in this order by Ascent and consenting working interest owners, and also by the royalty interest owners or, with respect to unleased acreage, unleased mineral owners of 65% of the acreage to be included in the unit. Unit operations may commence as set forth in Paragraph 8 of this Order. If Ascent fails to provide all required approvals by September 10, 2021, the order is revoked, and the Chief shall provide notice of the revocation to Ascent and to all persons listed in Exhibit B to this order.
 - 11) If this Chief's Order is appealed, the time periods specified in this order are tolled pending final determination of the appeal.
 - 12) Within 21 days of this order becoming effective, Ascent shall file a copy of this order with the Belmont County (Ohio) Recorder's Office, in the records of each of the tracts that are subject to this order and referenced in Exhibit C of this order. Ascent shall submit a certification of the filing to the Division within 14 days of filing. The certification shall include a reference to the volume and page number corresponding to each record where the Chief's Order is recorded.
 - 13) The Chief of the Division retains continuing jurisdiction over the Breeze W RCH BL Unit as is consistent with the Chief's powers and duties as established by R.C. Chapter 1509 and Ohio Admin. Code 1501:9. The Chief reserves the right to amend or terminate this Order subsequent to the commencement of unit operations within the unit area.
 - 14) Except as specifically set forth in the terms of this order, nothing herein shall be construed as a release or waiver of any private right, obligation, duty, claim, or cause of action.

- 15) If there is a conflict between this Chief's Order and Ascent's Unit Agreement and Model Form Operating Agreement attached to the application, this Chief's Order takes precedence.

March 10, 2021 _____
Date

/s/ Eric Vendel _____
Eric Vendel, Chief
Division of Oil and Gas Resources Management

Addressee is hereby notified that this action is final and effective and may be appealed pursuant to Section 1509.36 of the Ohio Revised Code. If the Order is appealed to the Ohio Oil and Gas Commission, the appeal must be in writing and must set forth the Orders complained of and the grounds upon which the appeal is based. Such appeal must be filed with the Oil and Gas Commission, 2045 Morse Road, Building A-2, Columbus, Ohio 43229-6693, within 30 days after receipt of this Order.

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

Enclosures: Exhibit A
Exhibit B
Exhibit C

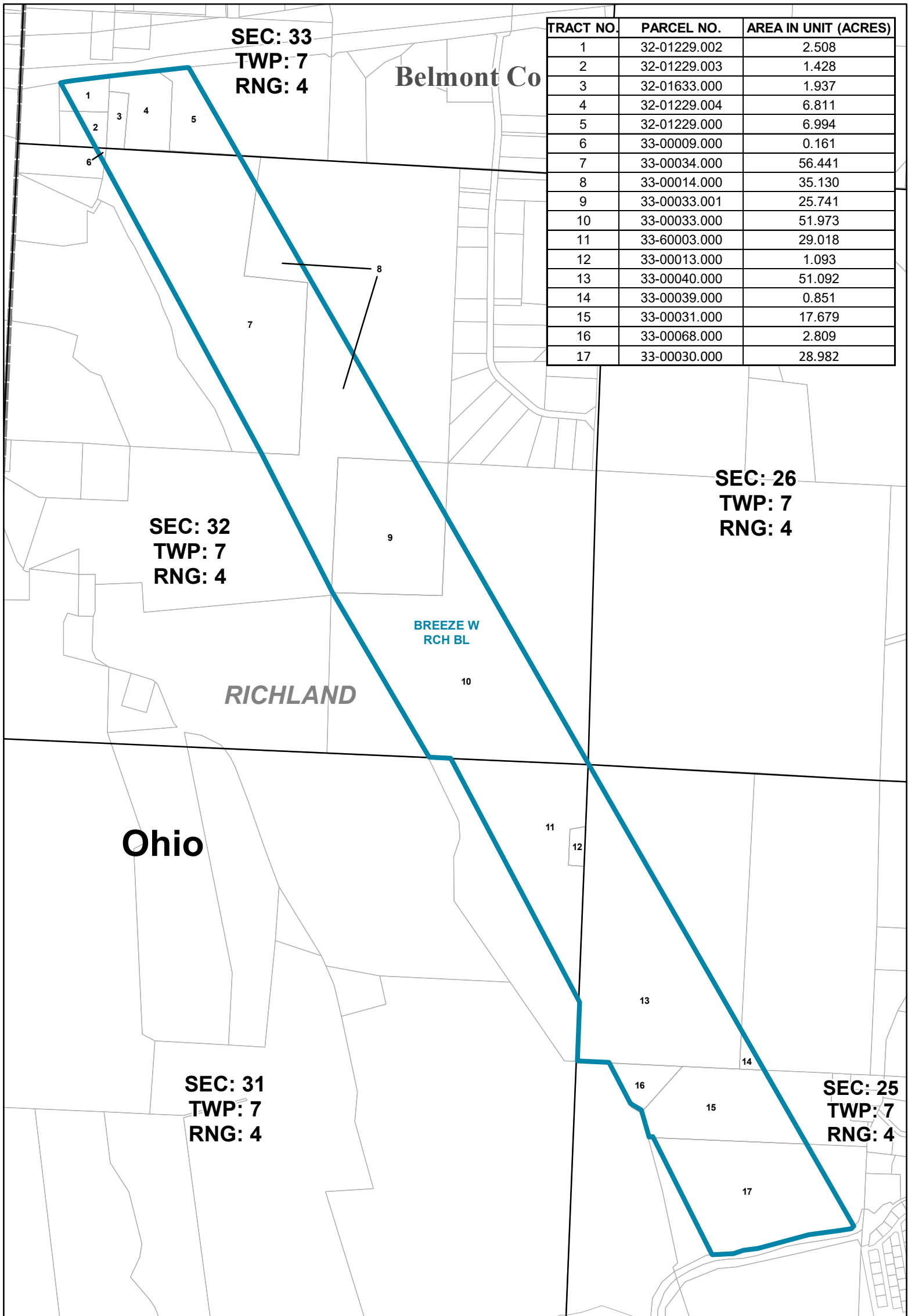
Exhibit A

Unleased Mineral Owners

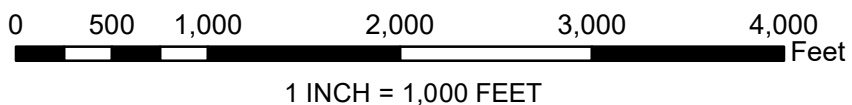
Tract Number	Lease ID Number (optional)	Unleased Mineral Owner	Leased Yes or No	Decimal Interest in Tract	Surface Acres in Unit	Tract Participation in Unit	Tax Map Parcel ID	Tract Surface Use	Township	County	Address	City	State	Zip
11	UNLEASED	Robert Lewis Powers	No	1.000000	29.018	9.049799%	33-60003.000	Residential	Richland	Belmont	37 Mansion Dr.	Topsfield	MA	01983
					Total Unit Acres:	320.648								
					Total Unleased Acres:	29.018								
					Total Unleased Percentage:	9.049799%								

Exhibit B

Tract Number	Lease ID Number (optional)	Mineral Owner	Leased Yes or No	Decimal Interest in Tract	Surface Acres in Unit	Tract Participation in Unit	Tax Map Parcel ID	Township	County	Committed Working Interest Percentage	Applicant Working Interest Percentage	XTO Energy, Inc. Working Interest Percentage	Rice Drilling D LLC Working Interest Percentage	Address	City	State	Zip
1	RICE	Jo A. Orr	Yes	1.000000	2.508	0.782166%	32-01229.002	Richland	Belmont	0.782166%	0.000000%	0.000000%	0.782166%	67261 North Ray Rd.	St. Clairsville	OH	43950
		Trevor T. Ballog												44285 S. Seventy Rd.	St. Clairsville	OH	43950
2	UTC020997000	Gregory J. Parker and Christine L. Parker, husband and wife	Yes	1.000000	1.428	0.445348%	32-01229.003	Richland	Belmont	0.445348%	0.445348%	0.000000%	0.000000%	67024 South Ray Rd.	St. Clairsville	OH	43950
3	PENDING	Ohio River Collieries Company ATTN: Thomas Gentile	Yes	1.000000	1.937	0.604089%	32-01633.000	Richland	Belmont	0.604089%	0.604089%	0.000000%	0.000000%	70245 Bannock Uniontown Rd.	St. Clairsville	OH	43950
4	RICE	Trevor T. Ballog	Yes	1.000000	6.811	2.124136%	32-01229.004	Richland	Belmont	2.124136%	0.000000%	0.000000%	2.124136%	44285 S. Seventy Rd.	St. Clairsville	OH	43950
5	PENDING	Ohio River Collieries Company ATTN: Thomas Gentile	Yes	1.000000	6.994	2.181208%	32-01229.000	Richland	Belmont	2.181208%	2.181208%	0.000000%	0.000000%	70245 Bannock Uniontown Rd.	St. Clairsville	OH	43950
6	UTC006616000	Lewis T. Mengon and Carman R. Mengon, husband and wife	Yes	1.000000	0.161	0.050211%	33-00009.000	Richland	Belmont	0.050211%	0.047700%	0.002511%	0.000000%	44919 National Rd. W.	St. Clairsville	OH	43950
7	UTC002825000	Ohio River Collieries Company ATTN: Thomas Gentile	Yes	1.000000	56.441	17.602168%	33-00034.000	Richland	Belmont	17.602168%	17.602168%	0.000000%	0.000000%	70245 Bannock Uniontown Rd.	St. Clairsville	OH	43950
8	PENDING	Mary E. Lodge	Yes	1.000000	35.130	10.955939%	33-00014.000	Richland	Belmont	10.955939%	10.955939%	0.000000%	0.000000%	1180 County Home Rd.	Paris	TN	38242
9	UTC002825000	Ohio River Collieries Company ATTN: Thomas Gentile	Yes	1.000000	25.741	8.027806%	33-00033.001	Richland	Belmont	8.027806%	8.027806%	0.000000%	0.000000%	70245 Bannock Uniontown Rd.	St. Clairsville	OH	43950
10	UTC003988000	Capstone Holding Company ATTN: Danny Taylor	Yes	1.000000	51.973	16.208740%	33-00033.000	Richland	Belmont	16.208740%	16.208740%	0.000000%	0.000000%	P. O. Box 115	Bannock	OH	43972
11	UNLEASED	Robert Lewis Powers	No	1.000000	29.018	9.049799%	33-60003.000	Richland	Belmont	0.000000%	0.000000%	0.000000%	0.000000%	37 Mansion Dr.	Topsfield	MA	01983
12	UTC006332000	Dana S. Sall	Yes	1.000000	1.093	0.340872%	33-00013.000	Richland	Belmont	0.340872%	0.340872%	0.000000%	0.000000%	44300 National Rd. W.	St. Clairsville	OH	43950
13	PENDING	Ascent Utica Minerals, LLC ATTN: Mike McLaughlin	Yes	1.000000	51.092	15.933984%	33-00040.000	Richland	Belmont	15.933984%	15.933984%	0.000000%	0.000000%	3501 NW 63rd St.	Oklahoma City	OK	73116
14	PENDING	Ascent Utica Minerals, LLC ATTN: Mike McLaughlin	Yes	1.000000	0.851	0.265400%	33-00039.000	Richland	Belmont	0.265400%	0.265400%	0.000000%	0.000000%	3501 NW 63rd St.	Oklahoma City	OK	73116
15	UTC003988000	Capstone Holding Company ATTN: Danny Taylor	Yes	1.000000	17.679	5.513523%	33-00031.000	Richland	Belmont	5.513523%	5.513523%	0.000000%	0.000000%	P. O. Box 115	Bannock	OH	43972
16	UTC025731001	Capstone Holding Company ATTN: Danny Taylor	Yes	1.000000	2.809	0.876039%	33-00068.000	Richland	Belmont	0.876039%	0.876039%	0.000000%	0.000000%	P. O. Box 115	Bannock	OH	43972
17	UTC003988000	Capstone Holding Company ATTN: Danny Taylor	Yes	1.000000	28.982	9.038572%	33-00030.000	Richland	Belmont	9.038572%	9.038572%	0.000000%	0.000000%	P. O. Box 115	Bannock	OH	43972
				Total Unit Acres:	320.648					TOTAL:	90.950201%	88.041388%	0.002511%	2.906302%			
				Total Leased Acres:	291.630												
"Total Leased Acres" includes acreage owned in fee by the Applicant and the other committed working interest owners.																	



BREEZE W RCH BL
Exhibit C



Legend	
	Breeze W RCH BL - 320.648 AC
	PLSS Section
	Municipal Townships