

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

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In re: :  
  
The Matter of the :  
Application of SWN :  
Production Company, : Application Date:  
LLC for Unit Operation July 24, 2025 :  
:  
Rufener G-M Unit :  
Marcellus :

- - - - -

UNITIZATION APPLICATION HEARING

- - - - -

Before Hearing Hosts Cynthia Marshall & Cory Cosby  
All Parties Appearing Remotely  
September 17, 2025, 9:00 a.m.

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Spectrum Reporting LLC  
400 South Fifth Street, Ste. 201  
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A P P E A R A N C E S

ON BEHALF OF OHIO DEPARTMENT OF NATURAL RESOURCES:

Ohio Department of Natural Resources  
2045 Morse Road, Building F-3  
Columbus, OH 43229  
By Jennifer Barrett, Esq.  
(Via videoconference)

ON BEHALF OF SWN PRODUCTION COMPANY, LLC:

Vorys, Sater, Seymour and Pease LLP  
52 East Gay Street  
Columbus, OH 43216  
By Mark Hylton, Esq.  
(Via videoconference)

ALSO PRESENT:

Barbara Richardson (Via videoconference)  
Regina Bryant (Via videoconference)

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P R O C E E D I N G S

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MS. MARSHALL: Good morning. Before we begin, I would like to go over some instructions for this video and telephone conference.

If you have joined online, please mute your microphone. If you have called in via phone, please use the "mute" feature of your phone. Once the hearing begins, everyone will be muted except for those presenting. If you have called in, you can unmute yourself by pressing "star 6."

Witnesses for the Applicant and anyone wishing to make comments, please wait to be individually called upon by your attorney or by the Division before speaking. Please mute your microphones anytime you are not speaking and when you have finished presenting to avoid any feedback.

I am now asking anyone who would like to make comments, please state your name slowly and clearly for the Division and identify whether you are an unleased mineral owner, working interest owner, or an owner with property in the

1 Rufener G-M unit. I would also like this  
2 information from anyone who represents any of  
3 these persons. We will make note of your name and  
4 call upon you when it is time for comments.

5 If you have joined us via WebEx, please  
6 unmute yourself now and tell us your name if you  
7 wish to make comments.

8 Hearing none.

9 If you have joined us via phone, please  
10 unmute yourself by pressing "star 6" and tell us  
11 your name if you wish to make comments.

12 Hearing none.

13 Thank you. With that, we will begin  
14 the hearing.

15 Mr. Cosby.

16 MR. COSBY: Thank you. Today is  
17 Wednesday, September 17th, 2025. We are here on  
18 the matter of the application of SWN Production  
19 Company, LLC, for the unit operation of the  
20 Rufener G-M unit. This hearing before the Ohio  
21 Department of Natural Resources, Division of Oil  
22 and Gas Resources Management, is convened pursuant  
23 to Ohio Revised Code 1509.28.

24 My name is Cory Cosby, and I am a

1 program administrator for the Division. Also with  
2 me today is Program Administrator Cynthia  
3 Marshall. We are conducting a hearing today and  
4 serve as the Chief's designees on this matter.

5 On July 24th, 2025, SWN filed with the  
6 Division an application for unit operations for a  
7 unit designated as a Rufener G-M unit. SWN filed  
8 subsequent revisions to the application. The unit  
9 is proposed to be located in Monroe County, Ohio.  
10 In its application, SWN claims to have the mineral  
11 rights through voluntary agreements to  
12 approximately 279.122 acres of the desired  
13 approximate 424.035-acre unit.

14 The purpose of today's hearing is to  
15 determine whether SWN's Rufener G-M unit  
16 application meets all of the requirements of  
17 Revised Code 1509.28. Under that section, the  
18 Chief of the Division must issue an order if he  
19 determines that the Applicant has shown that, one,  
20 the unit is reasonably necessary to increase  
21 substantially the ultimate recovery of oil and  
22 gas; and two, the estimated additional recovery  
23 from the unit exceeds the additional cost.

24 Neither the Chief nor any of us here

1 today have made any decisions on SWN's  
2 application. After today's hearing, we will  
3 review all of the information provided to us in  
4 order to make a determination. We have a court  
5 reporter present as well, and we will also have a  
6 copy of the transcript of this hearing for review.

7 The Chief's decision will be issued  
8 through a Chief's Order, which will be posted to  
9 the Division's website. Pursuant to Revised Code  
10 1509.36, any order may be appealed within 30 days  
11 after the date upon which the person to whom the  
12 order was issued received the order and for all  
13 other persons adversely affected by the order  
14 within 30 days after the date of the order  
15 complained of.

16 The hearing will proceed as follows:  
17 SWN will present its witnesses and exhibits and  
18 will answer any questions posed by the Division  
19 staff. And then any unleased mineral owners,  
20 working interest owners, and those persons with  
21 property included in the proposed Rufener G-M unit  
22 will have the opportunity to present questions and  
23 concerns to the Division staff. And the Division  
24 staff may take a break to determine if there are

1 any additional questions for the Applicant.

2 To proceed in an orderly fashion, we  
3 ask that the interested parties who speak here  
4 today pose any questions to the Division and we  
5 will then ask questions to SWN. Additionally,  
6 anyone speaking today will be asked to provide  
7 their information to the court reporter. If you  
8 are uncomfortable speaking during the hearing, we  
9 will also accept written comments.

10 For the purposes of the record, the  
11 Division received written comments from Edward  
12 Clyde Crouch III. These comments have been  
13 included as part of the record for the Rufener G-M  
14 unit.

15 We will now ask the Applicant to make  
16 introductions and begin this presentation.

17 MR. HYLTON: Thank you very much,  
18 Mr. Cosby. I appreciate that.

19 Good morning, everyone. My name is  
20 Mark Hylton. And I'm an attorney with the law  
21 firm of Vorys, Sater, Seymour and Pease in its  
22 Columbus office. And I'm here today on behalf of  
23 SWN Production Company, LLC, to ask the Division  
24 for an order that would authorize SWN to develop

1 and operate the Rufener G-M unit according to the  
2 unit plan that was included as part of its  
3 application.

4 SWN has acquired oil and gas leases  
5 covering over 65 percent of the unit acreage and  
6 plans to develop the unit by drilling one well  
7 approximately 21,000 feet in completed lateral  
8 length from a well pad located just west of the  
9 unit area. SWN is in need of a unit order because  
10 there are tracts owned by unleased mineral owners  
11 as well as tracts leased to non-consenting working  
12 interest owners.

13 Today we will present three witnesses  
14 who will be testifying in support of the  
15 application: First will be Andrew Smith, a  
16 landman. Second will be Kevin Wolfe, a geologist.  
17 And third will be Drew Sauer, a reservoir  
18 engineer. Their testimony is going to establish  
19 that SWN meets each of the elements required for a  
20 unit order under Revised Code Section 1509.28.

21 We therefore ask the Division to  
22 approve SWN's application, including the unit plan  
23 and issue the requested unit order for the Rufener  
24 G-M unit.

1                   Now, I would like to call our first  
2 witness this morning, Andrew Smith.

3                   MS. MARSHALL: Please swear in the  
4 witness.

5                   - - - - -

6                   ANDREW SMITH

7 being first duly sworn, testifies and says as  
8 follows:

9                   DIRECT EXAMINATION

10 BY MR. HYLTON:

11 Q.               Hello, Mr. Smith. How are you?

12 A.               Good, Mark. Good morning.

13 Q.               Would you mind introducing yourself to  
14 the Division and sharing a bit about your  
15 educational and professional background.

16 A.               Sure. I'm Andrew Smith, a landman for  
17 SWN Production Company. I'm a 2020 graduate of  
18 the University of Oklahoma's Energy Management  
19 Program and hold a bachelor's degree from the  
20 business college at OU.

21                   I oversee the leasing program here in  
22 Ohio as well as the abstracting and title review.  
23 I also negotiate the various contracts required  
24 for drilling horizontal wells.

1 Q. Do you belong to any professional  
2 associations, Mr. Smith?

3 A. Yes. I am a registered professional  
4 landman with the American Association of  
5 Professional Landmen, also known as the AAPL.

6 Q. And you are the landman put in charge  
7 of overseeing the development and the unitization  
8 of the Rufener G-M unit; is that correct?

9 A. Yes. That's correct.

10 Q. Mr. Smith, would you please tell us  
11 about the unit and the proposed development plan?  
12 And please feel free to reference the exhibit that  
13 is being shared on the screen if that's helpful.

14 A. Sure. As you can see on the screen,  
15 the Rufener G-M unit will contain approximately  
16 424 acres, and within that will be one Marcellus  
17 well, and it's located here in Monroe County.

18 Q. And what percentage of the unit's total  
19 acreage has been leased?

20 A. Over 65 percent.

21 Q. And for any of the tracts where there  
22 are unleased mineral owners, have you been in  
23 contact with the unleased mineral owners or  
24 attempted to contact them to negotiate an oil and

1 gas lease?

2 A. Yes.

3 Q. Have you also attempted to enter into  
4 an agreement with the non-consenting working  
5 interest owners in the unit?

6 A. Yes.

7 Q. Will you continue your negotiations  
8 with these parties after the hearing?

9 A. Yes.

10 Q. As I mentioned in my opening remarks,  
11 the well pad for this unit is located just west of  
12 the unit and it's identified by this gray square  
13 here. What is the current status of that well  
14 pad?

15 A. Sure. The Rufener pad is currently  
16 built.

17 Q. Can you tell us what rights SWN  
18 obtained to build the pad at that location?

19 A. Yeah. SWN has an agreement in place  
20 with the surface owner here.

21 Q. If you were to receive the requested  
22 unit order, when do you anticipate drilling this  
23 well?

24 A. The fourth quarter of this year, 2025.

1 Q. Thank you, Mr. Smith. Are you  
2 personally familiar with the provisions of the  
3 unit plan that was attached to the application?

4 A. Yes.

5 Q. Under the plan, how are the unit's  
6 production and expenses to be allocated?

7 A. They are to be allocated on a surface  
8 acre basis.

9 Q. Is that a common allocation method in  
10 your experience in the industry and also in Ohio?

11 A. Yes.

12 Q. And which parties are obligated to pay  
13 the unit costs?

14 A. The participating working interest  
15 parties.

16 Q. The unit plan includes an operating  
17 agreement. And I was wondering if the operating  
18 agreement includes a non-consent penalty for any  
19 non-consenting working interest owners that are  
20 now in the unit?

21 A. Yes. That non-consent penalty is  
22 500 percent.

23 Q. Do you consider a 500 percent  
24 non-consent penalty to be fair and reasonable?

1 A. Yes, I do. It's consistent with the  
2 voluntary agreements in this area.

3 Q. Thank you, Mr. Smith.

4 MR. HYLTON: I have no further  
5 questions for you at this time.

6 MS. MARSHALL: Thank you.

7 Mr. Cosby, do you have any questions?

8 MR. COSBY: Yes, I do.

9 Can you describe what efforts you have  
10 taken to identify unknown and undetermined mineral  
11 owners?

12 THE WITNESS: Sure. We utilize online  
13 resources and, you know, county records that are  
14 easily accessible to obtain last known addresses  
15 and potential phone numbers to identify and  
16 reach -- and contact these unknown individuals.

17 MR. COSBY: If you were to receive a  
18 unitization order, can you describe what happens  
19 to any payments that would be owed to unknown or  
20 undetermined mineral owners under that order?

21 THE WITNESS: Sure. Those payments are  
22 held in a suspense account.

23 MR. COSBY: And what is the current  
24 average outstanding offer to unleased mineral

1 owners in the proposed unit?

2 THE WITNESS: The current outstanding  
3 offer is \$2,000 per acre and an 18 percent  
4 royalty.

5 MR. COSBY: And is that average royalty  
6 based on a net or gross amount?

7 THE WITNESS: That is typically  
8 negotiable. There is a mix of net and gross  
9 within those offers.

10 MR. COSBY: And do those offers include  
11 surface use?

12 THE WITNESS: That is also negotiable.  
13 And same as the net and gross, there is a mix in  
14 there.

15 MR. COSBY: And when will these offers  
16 expire?

17 THE WITNESS: They will expire at some  
18 point in the future, likely after an order, when  
19 it comes time to finalize the unit and interest  
20 within the unit.

21 MR. COSBY: What is the average offer  
22 that was accepted by the leased mineral owners in  
23 the proposed unit?

24 THE WITNESS: The average accepted

1 offer is \$4,180 as the bonus and then 17 percent  
2 royalty.

3 MR. COSBY: Can you explain the  
4 difference between the current offer and the  
5 average accepted offers?

6 THE WITNESS: Sure. The average  
7 accepted offer was a little higher than the  
8 average outstanding offer on the bonus side, a  
9 little lower on the royalty. There are a few  
10 historical leases in here, you know, that have a  
11 one-eighth royalty and low dollar per acre.

12 But what makes the bonus higher than  
13 the average accepted was that typically those  
14 leases contained a five-year term. Whereas now  
15 with the drilling of these wells near term, we  
16 don't need as long of a term, so its outstanding  
17 offers are around two years.

18 MR. COSBY: And do you believe your  
19 lease attempts have been reasonable? And if so,  
20 why?

21 THE WITNESS: Yes. I think the contact  
22 log could describe more in depth, but there's less  
23 than one percent of unleased owners within this  
24 424-acre unit. So I believe that the majority of

1 these owners have come to agreements with making  
2 our efforts reasonable.

3 MR. COSBY: And will you continue  
4 attempts to lease the unleased mineral owners  
5 after the hearing and after a unitization order is  
6 issued, if one is issued?

7 THE WITNESS: Yes.

8 MR. COSBY: And do you believe your  
9 attempts to commit non-consenting working orders  
10 have been reasonable? And if so, why?

11 THE WITNESS: Yes. I do believe they  
12 are reasonable, and, for example, we have  
13 negotiated with both parties. One party has  
14 verbally agreed, and we are working on papering up  
15 an agreement to acquire their interest. The other  
16 party has indicated that they intend to  
17 participate in this well.

18 MR. COSBY: Will you continue your  
19 attempts to commit the non-consenting working  
20 interest owners after today's hearing?

21 THE WITNESS: Yes.

22 MR. COSBY: And do the leases in the  
23 unit authorize drilling into and producing from  
24 the proposed unitized formations?

1 THE WITNESS: Yes, they do.

2 MR. COSBY: And to establish bonus and  
3 royalty amounts in leases, how are those generally  
4 determined?

5 THE WITNESS: You know, internally we  
6 determine what the economic terms could be. And  
7 then we begin negotiating with the landowners  
8 until we come to mutually agreeable terms, you  
9 know, akin to all free market transactions.

10 MR. COSBY: And one last question for  
11 me; just based on your earlier testimony, should  
12 the Division expect a post-hearing supplement  
13 after that agreement that you are speaking to?

14 THE WITNESS: Yes. If the agreement  
15 that we have verbally agreed to, you know, becomes  
16 vested in SWN, we will file a post-hearing  
17 supplement.

18 MR. COSBY: Thank you, sir.

19 No further questions for me.

20 MS. MARSHALL: Thank you.

21 Mr. Hylton, please call your next  
22 witness.

23 MR. HYLTON: Thank you, Ms. Marshall.

24 Our second witness this morning is

1 Kevin Wolfe.

2 MS. MARSHALL: Please swear in the  
3 witness.

4 - - - - -

5 KEVIN WOLFE

6 being first duly sworn, testifies and says as  
7 follows:

8 DIRECT EXAMINATION

9 BY MR. HYLTON:

10 Q. Good morning, Mr. Wolfe. How are you?

11 A. I'm doing well. Good morning, Mark.

12 Q. Could you please introduce yourself to  
13 the Division and tell us a little bit about your  
14 educational and professional background.

15 A. So my name is Kevin Wolfe. I'm a  
16 senior staff geologist with Expand Energy,  
17 representing SWN Production Company. I hold a  
18 bachelor's in geology from the College of Wooster  
19 and a master's in geology from the University of  
20 Illinois, Urbana-Champaign.

21 I have worked for oil and gas operators  
22 since 2008. And I have experience in the  
23 Appalachian Basin primarily, but also experience  
24 in the Rockies, Permian and Maverick Basins.

1 Q. Do you belong to any professional  
2 associations?

3 A. The American Association of Petroleum  
4 Geologists and the Houston Geological Society.

5 Q. Could you tell us what some of your  
6 typical job responsibilities are as a geologist?

7 A. Yeah. So I'm tasked with evaluating  
8 and predicting the subsurface conditions that we  
9 will encounter during the process of drilling and  
10 producing from geologic formations. I do this  
11 through geologic mapping, evaluating core and  
12 wireline data, and then I'm also tasked with  
13 planning the depth and orientation of our  
14 horizontal wells.

15 Q. Thank you, Mr. Wolfe. The questions  
16 I'm going to be asking you today are really going  
17 to relate to whether the proposed unitized  
18 formation underlying the Rufener G-M unit is a  
19 pool or part of a larger pool. Could you please  
20 tell us what subsurface depths are included in  
21 that proposed unitized formation?

22 A. So we are proposing to unitize the  
23 Middlesex, Geneseo, and Marcellus formations.

24 Q. As a geologist, what does the term

1 "pool" mean to you?

2 A. It is a continuous accumulation of  
3 hydrocarbons within a reservoir.

4 Q. And for your role in the application  
5 process, you completed a subsurface evaluation of  
6 the proposed unitized formation underlying the  
7 subject unit; is that correct?

8 A. Yes, I did.

9 Q. Could you tell us what sort of  
10 information was included in that evaluation and  
11 some of the data sources that you looked at?

12 A. Yes. So I started off my evaluation  
13 utilizing offsetting vertical wells that had  
14 wireline log data available. I took that data and  
15 proceeded to compare the values of the wireline  
16 log data to the core data that we have collected  
17 also in the area. I utilized that to predict the  
18 reservoir properties of the target formations and  
19 then extrapolate that and map it over a larger  
20 area.

21 Q. Your subsurface evaluation is, you  
22 know, a broad endeavor, I'm sure. But the  
23 application includes only two geology-related  
24 exhibits. And I'm hoping that you can help us to

1 better understand what is on those exhibits and  
2 what they represent. So I would like to start  
3 with the exhibit on the screen and then turn  
4 things over to you to tell us what is being shown.

5 A. Okay. So the exhibit that we are  
6 currently looking at displays a black rectangle  
7 that is the Rufener G-M unit. There are also two  
8 blue dots that are the surface locations of the  
9 closest type logs with quality data in the area.  
10 And then, there is a blue line connecting those  
11 two.

12 Q. Could you tell us a little bit about  
13 the exhibit that is being shown on the screen now?

14 A. Okay. So this is actually the wireline  
15 log data from those two wells from the previous  
16 exhibit. What I have displayed on the far left in  
17 green on each of those wells is the gamma-ray log,  
18 which we use as a proxy for lithology. It helps  
19 us to pick where the tops of these given  
20 formations are.

21 In the far right track in black is the  
22 porosity curve, which tells us essentially how  
23 much space is available within a given formation  
24 for hydrocarbons to be present. And then in blue

1 in the middle is resistivity that we use as a  
2 proxy for the quantity of hydrocarbons within that  
3 porosity. So if we have porosity and higher  
4 resistivity, we are able to estimate how much  
5 hydrocarbon is within that particular portion of  
6 the formation.

7 In addition, I have a blue line  
8 connecting the two wells that is the top of the  
9 Middlesex. In orange, I have the top of the  
10 Geneseo. In red, I have the top of the Marcellus.  
11 And then in purple is the Onondaga, which is the  
12 base of the Marcellus and also the base of our  
13 pool.

14 Q. When you look at these logs and  
15 everything else you looked at during your  
16 evaluation, would you conclude that the proposed  
17 unitized formation underlying the Rufener G-M unit  
18 is a pool or part of a larger pool?

19 A. Yes.

20 Q. For the same reasons that lead you to  
21 that conclusion, is it your belief that a surface  
22 acreage allocation of unit production and expenses  
23 is appropriate?

24 A. Yes.

1 Q. Mr. Wolfe, do you believe the  
2 500 percent non-consent penalty that is included  
3 in the operating agreement is reasonable?

4 A. Yes. The 500 percent non-consent  
5 penalty is really an encouragement for all working  
6 interest parties who are going to financially  
7 benefit from the production of the well to also  
8 share in the inherent risk with drilling and  
9 completing a horizontal well in Appalachia.

10 In the Marcellus specifically, there is  
11 risk that occurs to -- how much we are going to  
12 spend to drill the well, particularly associated  
13 with issues with caving shale, where large chunks  
14 of Marcellus can come into the wellbore and  
15 potentially cause the operator to have to redrill  
16 portions of the wellbore and increase our costs.

17 We do actively try to prevent that from  
18 being a condition that we experience, but it is a  
19 naturally fractured reservoir. And so there is  
20 always a potential for that hazard.

21 Q. Thank you very much, Mr. Wolfe.

22 MR. HYLTON: Nothing further for me at  
23 this time.

24 MS. MARSHALL: Thank you.

1 Mr. Cosby, do you have any questions?

2 MR. COSBY: Yes, I do.

3 Mr. Wolfe, what is the anticipated true  
4 vertical depth of the horizontal portions of the  
5 wellbores?

6 THE WITNESS: Okay. So I'm estimating  
7 that the target zone that we are going to aim  
8 for in this well should be around 5,792 feet TVD  
9 at the surface location. But that's going to get  
10 deeper as we drill along the horizontal portion of  
11 this wellbore.

12 MR. COSBY: And what is the true  
13 vertical depth of the top of each formation listed  
14 on Exhibit E?

15 THE WITNESS: Okay. So estimated at  
16 the surface location, the Middlesex would be  
17 around 5,643 feet TVD. The Geneseo would be at  
18 5,717 feet TVD. The Marcellus would be at 5,740  
19 feet TVD. And then the Onondaga, which we do not  
20 anticipate encountering, would be around 5,802  
21 feet TVD. And then, like with the target zone,  
22 those would get deeper as we are drilling along  
23 the horizontal portion of this wellbore.

24 MR. COSBY: And which formations do you

1 expect production from?

2 THE WITNESS: I anticipate production  
3 from the Middlesex, Geneseo, and Marcellus.

4 MR. COSBY: Thank you. I have no  
5 further questions.

6 MS. MARSHALL: Thank you.

7 Mr. Hylton, please call your next  
8 witness.

9 MR. HYLTON: Thank you, Ms. Marshall.  
10 Our last witness this morning is Drew  
11 Sauer.

12 MS. MARSHALL: Please swear in the  
13 witness.

14 - - - - -

15 DREW SAUER

16 being first duly sworn, testifies and says as  
17 follows:

18 DIRECT EXAMINATION

19 BY MR. HYLTON:

20 Q. Hello, Mr. Sauer. How are you?

21 A. Good morning. I'm doing good.

22 Q. Like both of your colleagues, would you  
23 introduce yourself to the Division and describe  
24 your educational and professional background.

1 A. Yes. My name is Drew Sauer. I am a  
2 staff reservoir engineer at SWN Production  
3 Company. I received my bachelor's degree in  
4 Petroleum Engineering from the University of  
5 Oklahoma. And I have about 14 years of experience  
6 in the oil and gas industry, all with  
7 unconventional resources. And about eight of  
8 those 14 years are in the reservoir discipline.

9 Q. Are you a member of any professional  
10 associations?

11 A. Yes. I am a member of the Society of  
12 Petroleum Engineers.

13 Q. What does an engineer like yourself do  
14 on a day-to-day basis?

15 A. I'm responsible for the development  
16 planning and the economic evaluations of Marcellus  
17 and Utica wells in our Southwest Appalachia  
18 business unit. I also evaluate ultimate  
19 recoveries for planned wells, and I maintain  
20 forecasts for existing wells in production.

21 Q. Did your reservoir team forecast well  
22 performance, for the sole well in the Rufener G-M  
23 unit for both a unitized operating scenario and a  
24 non-unitized operating scenario?

1 A. Yes.

2 Q. Would you describe for us, at a high  
3 level, that well forecasting process?

4 A. Yeah. We take production data from  
5 nearby wells, and we use that to estimate well  
6 performance. And we create a type curve based off  
7 of that on a per lateral length basis. And then,  
8 this type curve is applied to the lateral length  
9 in question.

10 Q. I would like to direct your attention  
11 to the exhibit on the screen, which is the  
12 "Economics Exhibit" of the application. I would  
13 like to go, kind of, box by box from the top to  
14 the bottom, starting at the top one, which is  
15 representative of the unitized operating scenario.  
16 Would you tell us what the estimated recovery is  
17 for the unitized operating scenario?

18 A. Yes. 17 BCFe.

19 Q. Going one below that, what is the  
20 expected recovery under the non-unitized operating  
21 scenario?

22 A. 1 BCFe.

23 Q. That takes us to the last table, which  
24 shows the difference in recovery between those two

1 operating scenarios. What is that difference?

2 A. It's 16 BCFe.

3 Q. Do you consider 16 BCFe to be a  
4 substantial amount of production?

5 A. Yes.

6 Q. Given that, is a unit order reasonably  
7 necessary to substantially increase the ultimate  
8 recovery from the Rufener G-M unit?

9 A. Yes.

10 Q. I would like to stay on this last table  
11 for a moment and ask what the expected value of  
12 that 16 BCFe is?

13 A. Yeah. The PV10 amount is approximately  
14 \$18.1 million.

15 Q. Given that the PV10 amount is a  
16 positive number, but also a significant positive  
17 number, does the value of the estimated additional  
18 hydrocarbons produced in the unitized operating  
19 scenario exceed the estimated additional cost  
20 needed to produce them?

21 A. Yes.

22 Q. Mr. Sauer, both of your colleagues  
23 talked earlier about the operating agreement's  
24 500 percent non-consent penalty. And both

1 testified that they believe it is a fair and  
2 reasonable amount. Do you agree with that? And  
3 if so, could you tell us why that is?

4 A. I do. And adding to what Mr. Wolfe  
5 described about the capital risks, the working  
6 interest parties must also bear the risk profile  
7 of commodity prices as well as well performance.

8 Q. Thank you very much, Mr. Sauer.

9 MR. HYLTON: Nothing further for me.

10 MS. MARSHALL: Thank you.

11 Mr. Cosby, do you have any questions?

12 MR. COSBY: Yes, I do.

13 Mr. Sauer, what is the estimated  
14 economic life of the well in years?

15 THE WITNESS: About 65 years.

16 MR. COSBY: And what price was used in  
17 your economic calculations?

18 THE WITNESS: We used an April 30th,  
19 2025 strip price.

20 MR. COSBY: And when do you estimate  
21 you would recover the cost of drilling, testing,  
22 and completing the wells at one times,  
23 one-and-a-half times, two times, and 3 times?

24 THE WITNESS: At one time it will be

1 around 3.1 years, one-and-a-half times around 4.4  
2 years, two times around 6.6 years, and three times  
3 around 14.5 years.

4 MR. COSBY: How many total wells will  
5 be drilled from the pad?

6 THE WITNESS: I will defer that to  
7 Mr. Wolfe. I think he's probably got that more  
8 readily available than I do.

9 MR. COSBY: Okay. We can come back to  
10 that, and I'll ask that at the end.

11 How are pad costs accounted for in your  
12 calculations?

13 THE WITNESS: We do not have any  
14 additional pad costs because the pad is already  
15 built.

16 MR. COSBY: And in your economics, did  
17 you use estimated or actual since it is already  
18 built currently?

19 THE WITNESS: There were no additional  
20 costs for the pad at all.

21 MR. COSBY: And what amount was  
22 included for plugging and restoration costs in  
23 your economic calculations per well?

24 THE WITNESS: \$250,000 per well.

1 MR. COSBY: And what is the estimated  
2 BCFe per 1,000 feet?

3 THE WITNESS: 0.81 BCFe per 1,000 feet.

4 MR. COSBY: And what is the estimated  
5 recovery factor in the area?

6 THE WITNESS: Approximately 30 to 35  
7 percent.

8 MR. COSBY: Thank you. And can I refer  
9 to Mr. Wolfe for the other question?

10 THE WITNESS: I have an answer for you.

11 MR. COSBY: Okay.

12 THE WITNESS: Yeah. So we have eight  
13 producing wells. We have four planned on this  
14 trip and ultimately 16 wells in total.

15 MR. COSBY: And you kind of answered  
16 this, but are pad costs shared equally between  
17 these wells?

18 THE WITNESS: Not for these specific  
19 wells. But typically when we do build new pads,  
20 they are shared equally among the wells.

21 MR. COSBY: And have you factored in  
22 costs for shutdowns of existing wells due to  
23 simultaneous operations?

24 THE WITNESS: No. For this trip, any

1 downtime would be associated with the original  
2 wells. And for future trips, we are planning on  
3 expanding the pad to minimize downtime for this  
4 well.

5 MR. COSBY: Thank you. I have no  
6 further questions.

7 MS. MARSHALL: Once again, if you would  
8 like to make comments, I am first going to take  
9 all of your names and note whether you are an  
10 unleased mineral owner, working interest owner, or  
11 an owner with property in the unit.

12 Only one person may speak at a time to  
13 properly record the hearing. And please mute your  
14 microphone once you have delivered your comments  
15 or questions to avoid any feedback. Additionally,  
16 anyone speaking today will be asked to provide  
17 their information to the court reporter. If you  
18 are uncomfortable speaking during the hearing, we  
19 will also accept written comments.

20 If you have joined via WebEx and would  
21 like to make comments, please unmute yourself and  
22 state your name.

23 Hearing none.

24 If you have joined us via phone and

1 would like to make comments, please unmute  
2 yourself by pressing "star 6" and state your name.

3 Hearing none.

4 Mr. Cosby, do you have any additional  
5 questions for the Applicant?

6 MR. COSBY: No, I do not.

7 MS. MARSHALL: Does the Applicant have  
8 any closing remarks?

9 MR. HYLTON: We do not. Thank you for  
10 your time this morning.

11 MS. MARSHALL: Thank you, everyone.

12 The hearing is now concluded.

13 - - - - -

14 Thereupon, the foregoing proceedings  
15 concluded at 9:34 a.m.

16 - - - - -

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1 State of Ohio : C E R T I F I C A T E  
2 County of Franklin: SS

3 I, Bridget Mary Hoyer, a Notary Public in and  
4 for the State of Ohio, do hereby certify that I  
5 transcribed or supervised the transcription of the  
6 audio recording of the aforementioned proceedings;  
7 that the foregoing is a true record of the  
8 proceedings.

9 I do further certify I am not a relative,  
10 employee or attorney of any of the parties hereto,  
11 and further I am not a relative or employee of any  
12 attorney or counsel employed by the parties  
13 hereto, or financially interested in the action.

14 IN WITNESS WHEREOF, I have hereunto set my  
15 hand and affixed my seal of office at Columbus,  
16 Ohio, on October 1, 2025.

17  
18  
19 

20 \_\_\_\_\_  
21 Bridget Mary Hoyer, Notary Public - State of Ohio  
22 My commission expires April 14, 2030.

Vorys, Sater, Seymour and Pease LLP  
Greg D. Russell, Mark A. Hylton, and Casey N. Valentine  
Attorneys for Applicant

# SWN PRODUCTION COMPANY, LLC

## **RUFENER G-M UNIT**

Application for Unit Operations

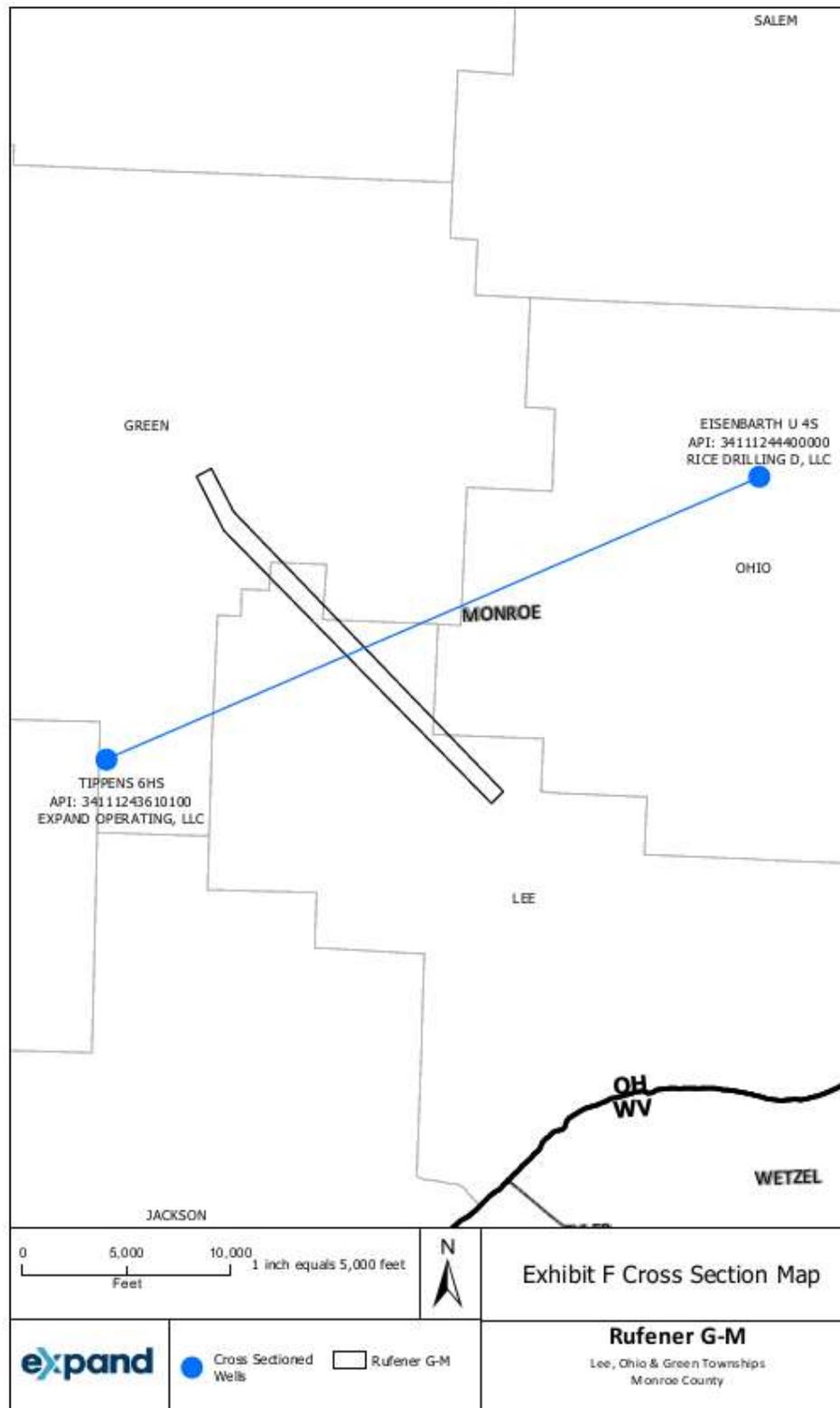


Exhibit F Cross Section Map



- Cross Sectioned Wells
- Rufener G-M

**Rufener G-M**

Lee, Ohio & Green Townships  
Monroe County

### Geologic Cross-Section Exhibit E – Rufener G-M Unit Monroe County, Ohio

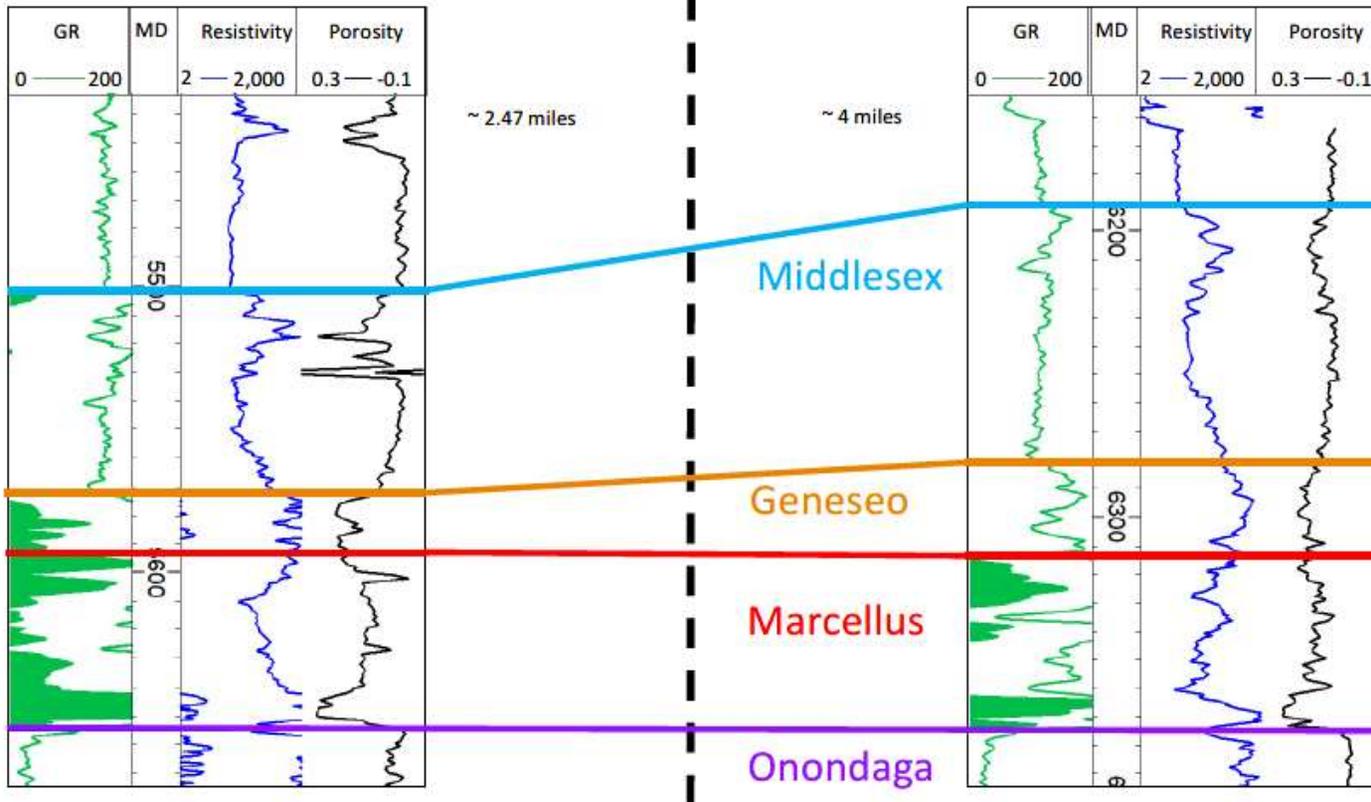
A

Tippens 6HS  
API: 34111243610100  
Expand Operating, LLC

Rufener G-M Unit  
SWN Production Company, LLC

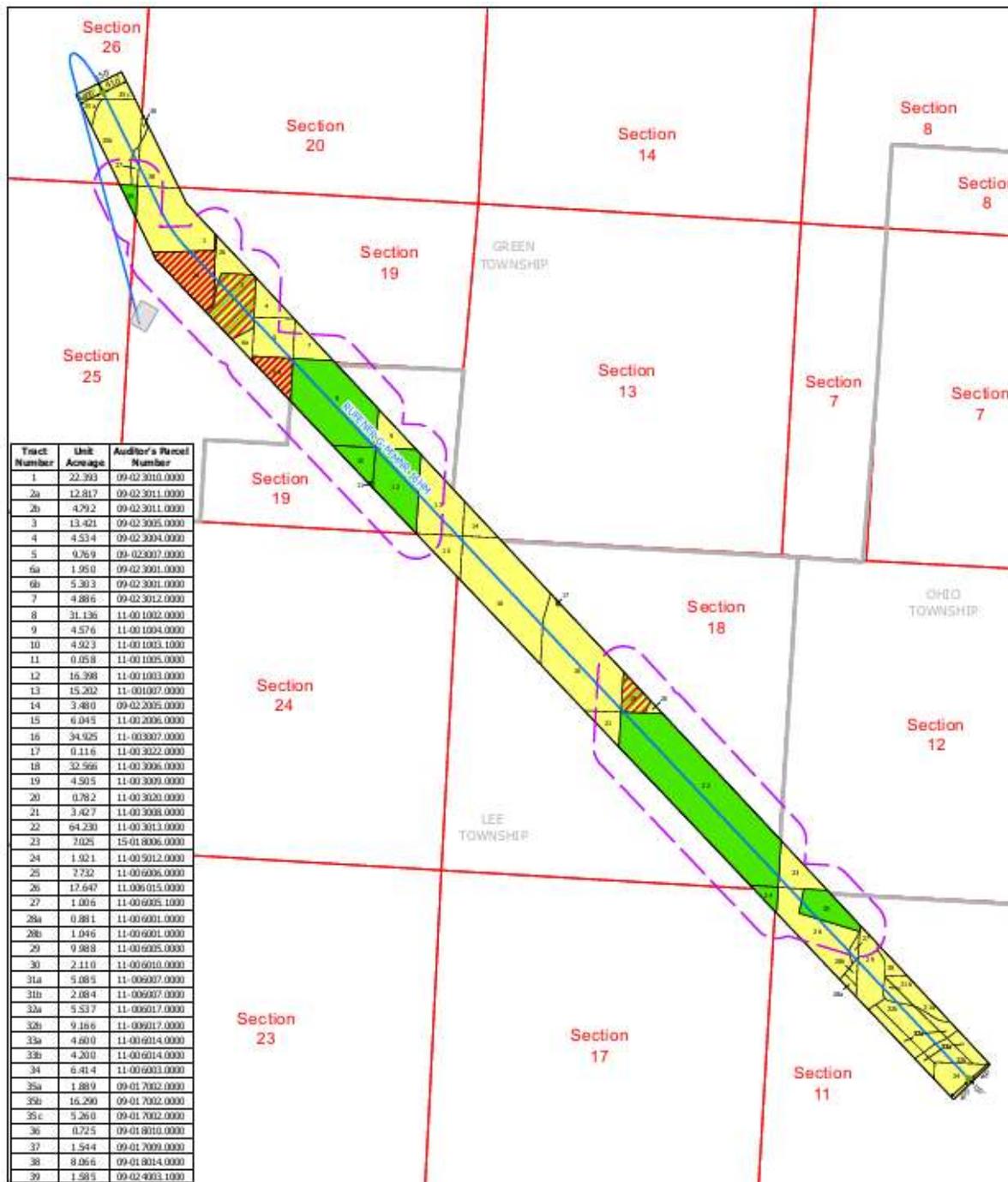
A'

Eisenbarth U 4S  
API: 34111244400000  
Rice Drilling D, LLC

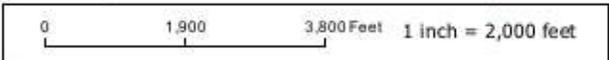


TD = 10,045'

TD = 11,078'



Tract Number	Unit Acreage	Auditor's Parcel Number
1	22.393	09-02 3010.0000
2a	12.817	09-02 3011.0000
2b	4.792	09-02 3011.0000
3	13.421	09-02 3005.0000
4	4.534	09-02 3004.0000
5	0.769	09-023007.0000
5a	1.950	09-02 3001.0000
6a	5.303	09-02 3001.0000
7	4.886	09-02 3012.0000
8	31.136	11-00 1002.0000
9	4.576	11-00 1004.0000
10	4.923	11-00 1003.1000
11	0.058	11-00 1005.0000
12	16.398	11-00 1003.0000
13	15.202	11-001007.0000
14	3.480	09-02 2005.0000
15	0.045	11-00 2006.0000
16	34.925	11-003007.0000
17	0.116	11-00 3022.0000
18	32.566	11-00 3006.0000
19	4.505	11-00 3009.0000
20	0.782	11-00 3020.0000
21	3.427	11-00 3008.0000
22	64.230	11-00 3013.0000
23	7.025	15-01 8006.0000
24	1.921	11-00 5012.0000
25	7.732	11-00 6006.0000
26	17.647	11-006 015.0000
27	1.006	11-00 6005.1000
28a	0.881	11-00 6001.0000
28b	1.046	11-00 6001.0000
29	9.988	11-00 6005.0000
30	2.110	11-00 6010.0000
31a	5.085	11-006007.0000
31b	2.084	11-006007.0000
32a	5.537	11-006017.0000
32b	9.166	11-006017.0000
33a	4.600	11-00 6014.0000
33b	4.200	11-00 6014.0000
34	6.414	11-00 6003.0000
35a	1.889	09-01 7002.0000
35b	16.290	09-01 7002.0000
35c	5.260	09-01 7002.0000
36	0.725	09-01 8010.0000
37	1.544	09-01 7009.0000
38	8.056	09-01 8014.0000
39	1.585	09-02 4003.1000



- Wellbore
- Perforation
- 400 Ft Buffer
- Unit Boundary
- Well Pad
- Consenting
- Partial Consenting/Partial Unleased
- Partial Consenting/Partial Unleased/Partial Non-Consenting
- Non-Consenting

**EXHIBIT D**  
**Rufener G-M Unit**  
 Unit Size: 424.035 Acres  
 Green, Lee, and Ohio Townships, Monroe County OH



Section 5. Economic Calculation Summaries *Required*

Unitized Scenario

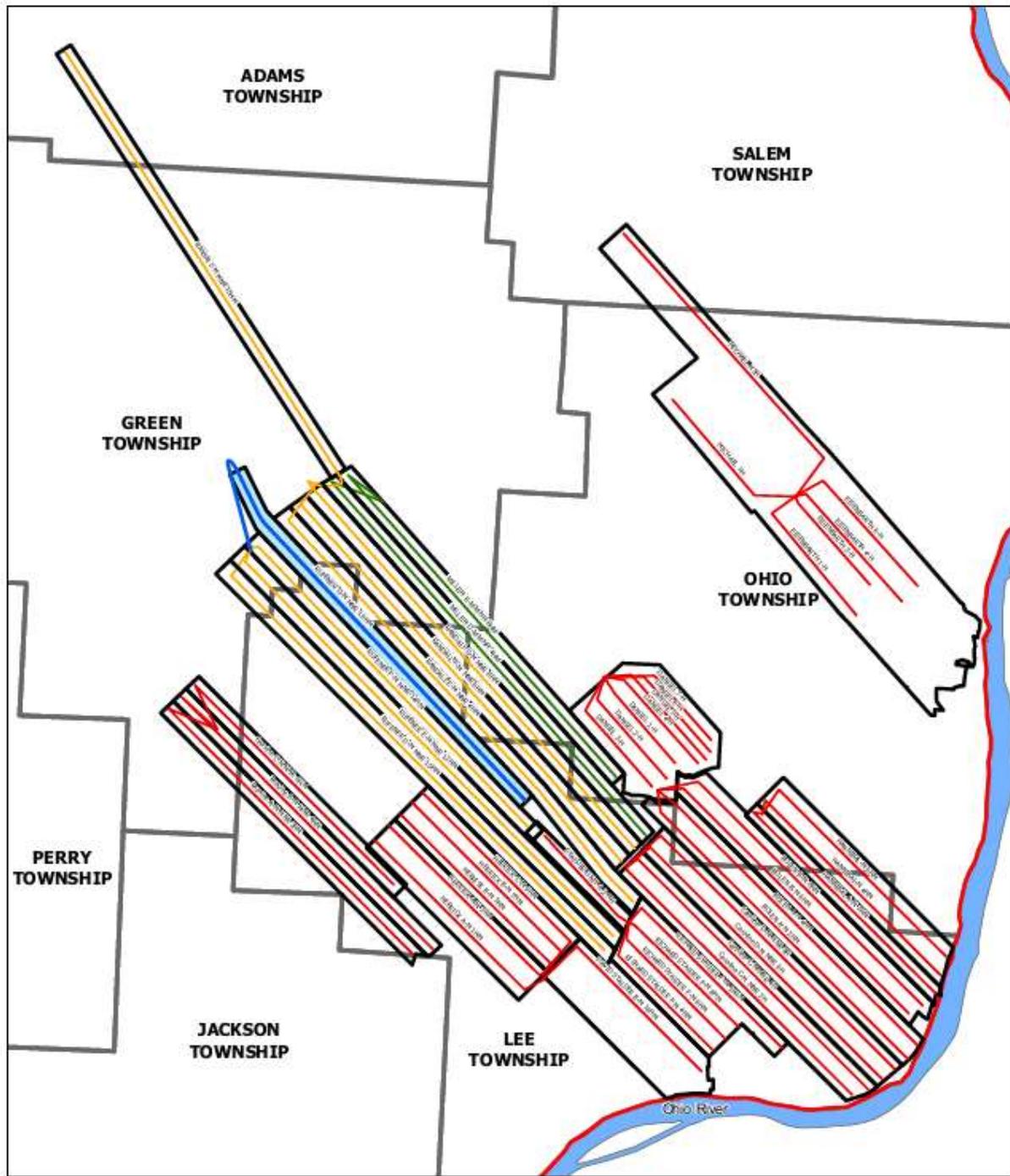
Well Name	Lateral Length (ft)	Measured Depth (ft)	Operating Costs (MM\$)	Capital Costs (MM\$)	Undiscounted Value of Estimated Recovery (MM\$)	PV0 (MM\$)	PV10 (MM\$)	Estimated Gross Recovery (BCFe)
Rufener G-M MNR 16HM	21,029	29,187	\$17.9	\$17.4	\$76.9	\$40.4	\$11.9	17.0
<b>Total:</b>	21,029	29,187	\$17.9	\$17.4	\$76.9	\$40.4	\$11.9	17.0

Non-Unitized Scenario

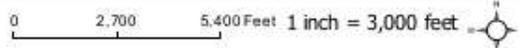
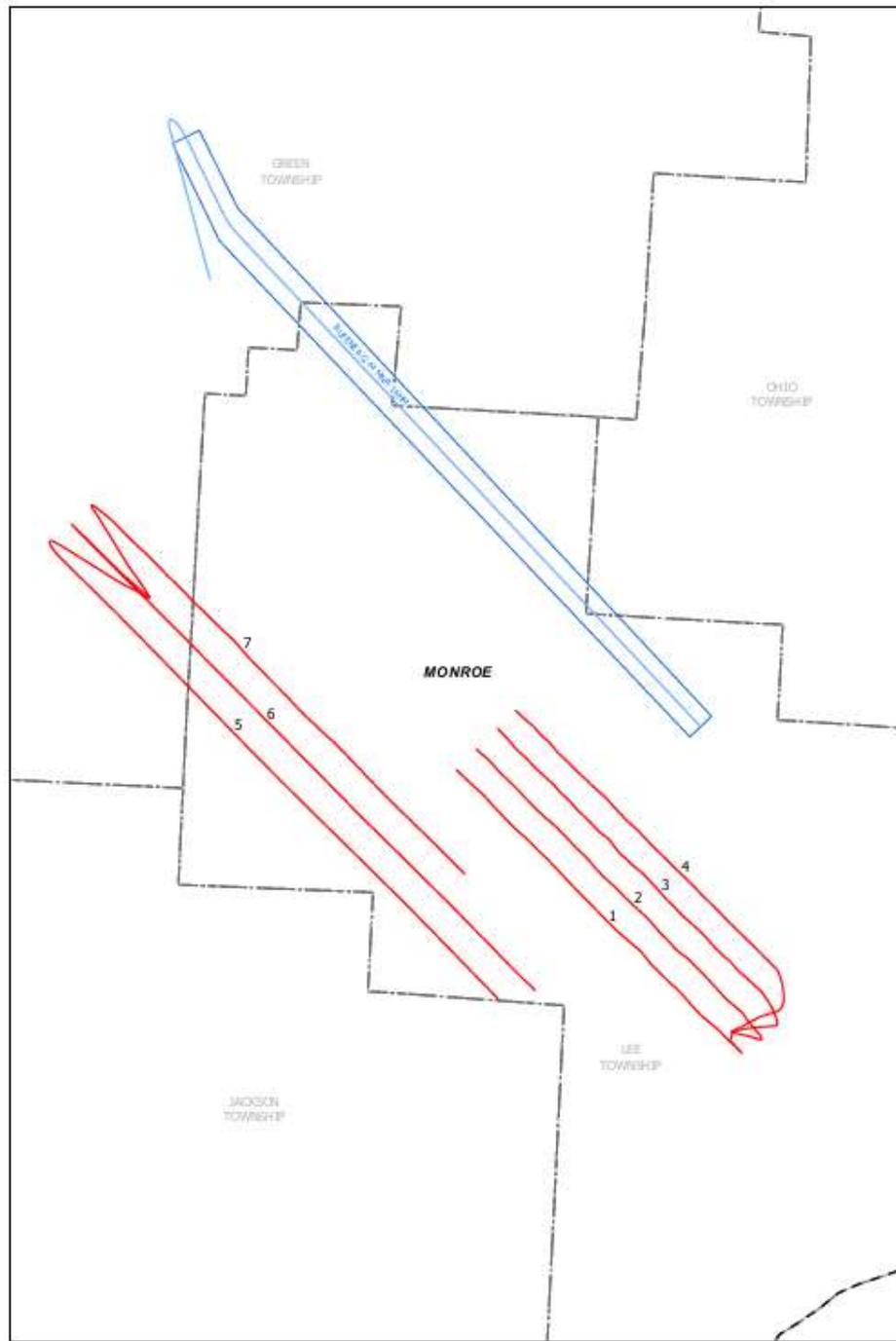
Well Name	Lateral Length (ft)	Measured Depth (ft)	Operating Costs (MM\$)	Capital Costs (MM\$)	Undiscounted Value of Estimated Recovery (MM\$)	PV0 (MM\$)	PV10 (MM\$)	Estimated Gross Recovery (BCFe)
Rufener G-M MNR 16HM	1,471	10,461	\$2.1	\$8.4	\$4.4	\$(6.2)	\$(6.2)	1.0
<b>Total:</b>	1,471	10,461	\$2.1	\$8.4	\$4.4	\$(6.2)	\$(6.2)	1.0

Difference

Well Name	Lateral Length (ft)	Measured Depth (ft)	Operating Costs (MM\$)	Capital Costs (MM\$)	Undiscounted Value of Estimated Recovery (MM\$)	PV0 (MM\$)	PV10 (MM\$)	Estimated Gross Recovery (BCFe)
Rufener G-M MNR 16HM	19,558	18,726	\$15.8	\$9.0	\$72.5	\$46.6	\$18.1	16.0
<b>Total:</b>	19,558	18,726	\$15.8	\$9.0	\$72.5	\$46.6	\$18.1	16.0



0      5,700      11,400 Feet      1 inch = 6,000 feet		
— Producing Wellbore — Subject Wellbore	— Permitted Wellbore — Proposed Wellbore	Rufener G-M Unit Adjacent Units
<b>Adjacent Units Map</b> <b>Rufener G-M Unit</b> Unit Size: 424.035 Acres Green, Lee, and Ohio Townships, Monroe County OH		



- Township/District
- Counties
- Producing Wellbores
- Planned Wellbores
- Unit Boundary

**Reserve Calculations  
Rufener G-M Unit**  
Green, Lee, and Ohio Townships, Monroe County OH



Well Name	Well Identifier	API Number	First Production Date	DistanceFromUnit	Lateral Length
HERRICK AM MNR # 003HM	1	34111248590000	6/17/2019	4.665665 mi	10,003 ft
HERRICK BM MNR # 005HM	2	34111248600000	6/17/2019	4.663125 mi	9,986 ft
HERRICK BM MNR # 007HM	3	34111248570000	6/21/2019	4.660827 mi	9,999 ft
HERRICK CM MNR # 009HM	4	34111248580000	6/22/2019	4.658560 mi	9,904 ft
PEAVINE A-M MNR # 002HM	5	34111249970000	8/1/2024	1.650589 mi	16,475 ft
PEAVINE B-M MNR # 004HM	6	34111249980000	8/1/2024	1.648252 mi	16,924 ft
PEAVINE C-M MNR # 006HM	7	34111250020000	8/1/2024	1.646041 mi	13,328 ft

	<p data-bbox="1255 1377 1577 1455"><b>Reserve Calculations</b> <b>Rufener G-M Unit</b></p> <p data-bbox="1182 1466 1646 1490">Green, Lee, and Ohio Townships, Monroe County OH</p>