

RECEIPT # 60509

201800077465  
Filed for Record in  
NOBLE COUNTY, OHIO  
JUANITA HATHENEY, RECORDER  
03-12-2018 At 02:54 PM.  
CONSOL LSE 300.00  
OR Volume 308 Page 731 - 753

201800077465  
ARTEX OIL CO  
PICKUP

**DECLARATION OF STATUTORY UNITIZATION**  
(Ohio Rev. Code § 1509.28)

Re: **Order No. 2017-309** for the NSO Unit A issued by the Chief of the Division of Oil and Gas Resources Management (the "**Division**"), Ohio Department of Natural Resources, on August 30, 2017, and effective as of February 23, 2018 (the "**Order**").

1. On January 17, 2017, Artex Energy Group LLC ("**Artex**"), filed an application for the NSO Unit A with the Division for an order pursuant to Ohio Rev. Code § 1509.28 authorizing Artex to operate as a unit part of the Utica / Point Pleasant formation underlying approximately 1,759.263910 acres located in Noble County, Ohio (the "**Application**").
2. The Application includes a Unit Plan and a Unit Operating Agreement that govern operation of the unit, and describe how the unit will be administered and operated. Copies of these documents are available in the Division records supporting Order No. 2017-309.
3. On August 30, 2017, the Chief of the Division granted and approved the Application, through and subject to the Order referenced above.
4. The Order became effective as of February 23, 2018.
5. Paragraph 12 of the Order states in relevant part: "**Within twenty-one (21) days of this order becoming effective, Artex shall file a copy of this order with the Noble County (Ohio) Recorder's Office, in the records of each of tracts that are subject to this order and referenced in Exhibit D of this order.**"
6. Accordingly, Artex submits this instrument for recording as instructed by the Order and pursuant to Ohio Rev. Code § 1509.28. A true and accurate copy of the Order is attached hereto as Exhibit "1". This instrument shall be cross-referenced in the records of Noble County, Ohio to the documents reflecting leased interests and unleased interests that are subject to the Order, which such Volumes and Pages are attached hereto as Exhibit "2".

THIS DECLARATION OF STATUTORY UNITIZATION DOES NOT PURPORT TO SUMMARIZE THE APPLICATION, THE ORDER, OR ANY OF THE DOCUMENTS CONTAINED THEREIN OR APPLICABLE THERETO. COPIES OF SUCH DOCUMENTS CAN BE OBTAINED FROM THE DIVISION OF OIL AND GAS RESOURCES MANAGEMENT, 2045 MORSE ROAD, BLDG. F-2, COLUMBUS, OH 43229.

Executed this 9<sup>TH</sup> day of March, 2018.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK - SIGNATURE PAGE TO FOLLOW]

ARTEX ENERGY GROUP LLC

By: 

Name: Chadrick R. Spence

Title: Director of Land – Shale Assets

ACKNOWLEDGEMENT

STATE OF SOUTH CAROLINA )  
 ) SS:  
COUNTY OF CHARLESTON )

On this 9th day of March, 2018, before me, the undersigned authority, personally appeared **Chadrick R. Spence** who acknowledged himself to be the Director of Land – Shale Assets with **Artex Energy Group LLC**, a Delaware limited liability company, and that he as such, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company by himself as such officer on behalf of the limited liability company.

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

  
Notary Public

My commission expires: 11/14/27



DARREN S. SMITH  
Notary Public, State of South Carolina  
My Commission Expires 11/14/2027

**NOTE TO RECORDER:** Please record and cross-reference to the Volumes and Pages listed in the table on Exhibit "2" attached hereto.

This instrument prepared by:  
Artex Energy Group LLC  
2337 State Route 821  
Marietta, OH 45750  
740.373.3313



# Ohio Department of Natural Resources

JOHN R. KASICH, GOVERNOR

Instrument  
201800077465 OR

Volume Page  
308 734

JAMES ZEHRINGER, DIRECTOR

*Richard J. Simmers, Chief*  
Division of Oil and Gas Resources Management  
2045 Morse Road - Bldg. F-2  
Columbus, OH 43229-6693  
Phone: (614) 265-6922 Fax: (614) 265-6910

## ORDER BY THE CHIEF

August 30, 2017

ORDER NO. 2017-309

TO: Artex Energy Group LLC  
2337 State Route 821  
Marietta, Ohio 45750

RE: Application for Unitization  
NSO Unit A  
Noble County, Ohio

SUBJECT: Order for Unit Operations of the Utica/Point Pleasant Formations

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 Artex Energy Group LLC's ("Artex") Application for Unit Operations for the NSO Unit A:

### DEFINITIONS:

As used in this order:

- 1) "Person" has the same meaning as in R.C. § 1509.01.
- 2) "Application" means the application of Artex Energy Group LLC for Unit Operation of the NSO Unit A filed January 17, 2017, 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.

2045 Morse Rd • Columbus, OH 43229-6693 • [ohiodnr.com](http://ohiodnr.com)

**Exhibit "1"**

Attached to and made a part of that certain Declaration of Statutory Unitization dated  
March 9, 2018, by Artex Energy Group LLC.



- 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 include the persons 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 Artex pertaining to the operation of the NSO Unit A.
- 8) "Non-consenting working interest owner" means a working interest owner who does not enter into an agreement with Artex pertaining to the operation of the NSO Unit A. The non-consenting working interest owners include those listed on Exhibit B for the corresponding tracts in the exhibit.
- 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 C totaling 1759.263910 acres located in Sharon and Olive Townships, Noble County, Ohio as shown in Exhibit D.
- 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.

**BACKGROUND:**

- 1) Artex filed the application pursuant to R.C. § 1509.28 to operate as a unit the Utica/Point Pleasant Formations at an approximate true vertical depth located from fifty (50) feet above the top of the Utica Shale to fifty (50) feet below the top of the Trenton Formation. The application includes a Unit Agreement, Model Form Operating Agreement, and relevant exhibits. The Application also includes the pre-filed testimony of the following Artex employees: Robert B. Thomas, Sr., geologist; Michael W. Casto, reservoir engineer; and Chadrick R. Spence, landman.
- 2) Pursuant to R.C. § 1509.28, the Division held a hearing on May 25, 2017, in Columbus, Ohio at the Ohio Department of Natural Resources ("ODNR"), to consider the need for the operation as a unit of an entire pool or part thereof. At the hearing, Artex employees Thomas, Casto, and Spence confirmed their pre-filed testimony and answered questions posed by Division staff members.

**FINDINGS:**

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

**ORDER:**

**IT IS HEREBY ORDERED:**

Pursuant to R.C. § 1509.28, Artex is authorized to conduct operations within the NSO Unit A in accordance with all of the following:

**Plan for Unit Operations**

- 1) The unit area is comprised of the tracts totaling 1759.263910 acres in Sharon and Olive Townships, Noble County, Ohio, as shown on Exhibit D.
- 2) Artex proposes to drill four (4) wells from one (1) pad site in the NSO Unit A for the purpose of recovering oil and gas. Drilling operations shall commence in the unit area within twelve (12) months from the date of approval of 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, Artex shall produce from four (4) wells no later than four (4) years after the date of approval of this order. If Artex fails to drill, complete, and produce at least four (4) wells 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 Artex at the NSO Unit A 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 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 Artex and the working interest owners.

- 5) All unit operation expenses shall be charged to, and paid by, Artex 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, Artex 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. Artex 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 Artex's Unit Agreement and Model Form Operating Agreement for the NSO Unit A. Once a specific cost is charged to the initial well, that same cost cannot be charged to subsequent wells in the unit area.
- 7) Artex 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 Artex's Unit Agreement and Model Form Operating Agreement for the NSO Unit A.
- 8) Unit operations may commence as of 7:00 a.m. on the day following the effective date of this order. Once the initial well is placed into production, operations within the NSO Unit A may continue as long as hydrocarbons are produced from any well in the unit area without a cessation of more than ninety (90) days, unless otherwise approved by the Chief in writing. The NSO Unit A may be terminated if working interest owners owning at least fifty-one percent (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, Artex shall provide written notice of the termination to the Division and to all unleased mineral owners. In the event that termination of unit operations occurs prior to drilling and completing for production of four (4) wells in the NSO Unit A, 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 NSO Unit A 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 activities within the NSO Unit A.
  - c) Each unleased mineral owner shall receive a monthly cash payment equal to a one-eighth (1/8) landowner royalty interest calculated on gross proceeds. Allocation of the one-eighth (1/8) landowner royalty shall be based on the unit



participation of each unleased mineral owner's tract. Artex shall make royalty payments to all royalty interest owners at the same time.

- d) In addition to the royalty payment, each unleased mineral owner shall receive a monthly cash payment equal to a seven-eighths (7/8) share of the net proceeds from production. Allocation of the seven-eighths (7/8) share shall be based on the unit participation of each unleased mineral owner's tract. After the working interest owners recover a reasonable interest charge equal to 200% of the cost of drilling, testing, completing, and producing the initial well, the working interest owners shall begin making such monthly payments for that well. For each additional well drilled in the unit area, the working interest owners shall begin making monthly payments equal to seven-eighths (7/8) share of net proceeds from production to each unleased mineral owner once the working interest owners have recovered a reasonable interest charge equal to 150% of the cost of drilling, testing, completing, and producing. 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 Artex pursuant to terms agreeable to both parties. An unleased mineral owner who enters into a lease with Artex after the issuance of this order is no longer an unleased mineral owner under this order as of the effective date of the lease. Artex 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 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, Artex shall provide, not later than thirty (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 Artex; and
  - iii. A statement of all costs and expenses for purposes of Paragraphs 6 and 9(d) of this order.
- h) Artex shall notify the Division of the assignment or transfer of any of its working interest in the NSO Unit A. If Artex assigns or transfers any of its working interest, the assignee or transferee shall comply with this order.



- i) Artex shall notify the Division if a tract that is leased by Artex, or any other consenting working interest owner, for purposes of operating the NSO Unit A becomes an unleased tract. If Artex or the consenting working interest owner is unable to enter into lease agreement for the unleased tract, Artex must submit a request to the Division for an amendment of this order, which will include a new hearing before the Chief.
  - j) Artex shall notify the Division if any consenting working interest owner revokes, rescinds, or otherwise terminates the agreement with Artex pertaining to the operation of the NSO Unit A. Artex shall also notify the Division if any consenting working interest owner assigns or transfers all or part of its working interest in the NSO Unit A.
  - k) Artex shall notify the Division if any non-consenting working interest owner enters into an agreement with Artex pertaining to the operation of the NSO Unit A.
- 10) This order is not effective unless and until Artex provides the Chief with final written approval of the unit operations as prescribed in this order by Artex and consenting working interest owners, and also by the royalty interest owners or, with respect to unleased acreage, unleased mineral owners of sixty-five percent (65%) of the acreage to be included in the unit. Upon receipt of this approval, this order shall become effective, and unit operations may commence as set forth above. In the event that Artex fails to provide all required approvals within six (6) months after the issuance date of this order, the order will be deemed revoked, and the Chief shall provide notice of the revocation to Artex and to all persons listed in Exhibit C to this order.
- 11) In the event that this Chief's Order is appealed, the time periods as specified in this order are tolled pending final determination of the appeal.
- 12) Within twenty-one (21) days of this order becoming effective, Artex shall file a copy of this order with the Noble County (Ohio) Recorder's Office, in the records of each of tracts that are subject to this order and referenced in Exhibit D of this order. Artex shall submit a certification of the filing to the Division within fourteen (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 NSO Unit A 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 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.

Exhibit D

NOBLE  
COUNTY

Legend

- Section Line
- Township Line
- Unit Boundary
- Tract

SHARON TOWNSHIP

OLIVE TOWNSHIP

Tract	Parcel
01a	33-0090013.000
01b	33-0090013.000
02a	33-0021181.000
02b	33-0021181.000
03	33-0021180.000
04a	28-0090020.000
04b	28-0090020.000
04c	28-0090020.000
04d	28-0090020.000
04e	28-0090020.000
04f	28-0090020.000
05a	33-0021194.000
05b	33-0021194.000
06	33-0021193.000
07	33-0021185.000
08	28-0051311.000
09	33-0021186.000
10	33-0021192.000
11	33-0021187.000
12	33-0050932.000
13a	28-0021666.000
13b	28-0021667.000
14a	28-0021666.000
14b	28-0021667.000
15	28-0021666.001
16	28-0051127.000
17	28-0051125.000
18	28-0051126.000
19	28-0021637.000
20	33-0021188.000
21	28-0051006.000
22	33-0021188.002
23	33-0021188.001
24	28-0021669.002
25	28-0021669.001
26	28-0021669.000
27	28-0021669.003
28	28-0021635.000
29	28-0021634.000



Corporate Headquarters  
2337 State Route 621  
Marietta, Ohio 45750  
Telephone: (740) 373-3313  
Fax: (740) 373-2750  
Email: aoc@artexoil.com



0 250 500 1,000  
Feet

COORDINATE SYSTEM:  
STATEPLANE OHIO SOUTH NAD 1983

NSO Unit A - 1750.263910 acres  
Sharon & Olive Townships, Noble County, Ohio  
Artex Energy Group LLC  
MAP CREATED BY:  
L.G.P.  
MAP CREATED FOR:  
3/7/2017