

**Karen J. Anspaugh**  
**Attorney at Law**  
526 West Fourteenth Street  
Traverse City, Michigan 49686  
(231) 668-1934

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April 23, 2014

Department of Natural Resources  
402 West Washington Street, Room W293  
Indianapolis, Indiana 46204

RE: Ally Exploration, LLC  
Petition for the Integration of Interests  
Vernon Knepp – Non-Consenting Landowner

Herschel,

Please find enclosed a Petition for the Integration of Interests submitted on behalf of Ally Exploration, LLC. Efforts to lease the Non-Consenting Landowners, Vernon and Regina Knepp, have not been successful and communication from the owners has ceased.

Thank you for your assistance with this matter.

Regards,



Karen J. Anspaugh

APR 28 2014

Case # DOG-3-2014

STATE OF INDIANA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS

IN RE: PETITION OF ALLY EXPLORATION, LLC, FOR THE INTEGRATION OF INTERESTS IN THE **MCGUIRE 13-22HD UNIT** IN SECTIONS 21 AND 22, TOWNSHIP 3 NORTH, RANGE 6 WEST, DAVIESS COUNTY, INDIANA

**PETITION FOR INTEGRATION OF INTERESTS**

**COMES NOW**, Ally Exploration, LLC, of 4480 Mt. Hope Road, Suite B Williamsburg, Michigan 49690, ("Petitioner"), by attorney Karen J. Anspaugh, and pursuant to IC 14-37-9-1 and other applicable laws enacted by the State of Indiana to prevent waste and to avoid the drilling of unnecessary wells, respectfully petitions the Department of Natural Resources, Division of Oil and Gas ("Division") to require the integration of all interests in the oil, gas and associated hydrocarbons in and under the McGuire 13-22HD Unit, described below and depicted in Exhibit A, to develop the land as a single unit:

*The Southeast Quarter of the Southeast Quarter of Section 21 and the Southwest Quarter of the Southwest Quarter of Section 22, Township 3 North, Range 6 West, Daviess County, Indiana*

The unleased parcel subject to this Petition ("Separately Owned Interest") is owned by the following parties ("Non-Consenting Landowners"):

**Vernon Knepp and Regina Knepp, husband and wife**  
**4748 East 100 North**  
**Washington, Indiana 47501**

In support thereof, Petitioner states as follows and submits and incorporates into this Petition the following Exhibits:

- Exhibit A: Maps of Unit Depicting Well and Unit Parcels
- Exhibit B: Legal Description of Separately Owned Interest
- Exhibit C: Oil and Gas Lease Form Utilized in Project Area
- Exhibit D: Contact Report Summarizing Lease Attempts
- Exhibit E: Division of Ownership Interest Spreadsheet

1. Petitioner established the McGuire 13-22HD Drilling Unit, containing 81.70 acres, more or less, in an area subject to the Official United States Public Lands Survey by the rectangular surveying system for the State of Indiana ("Established Drilling Unit"). Drilling and Operating Permit #54990 was issued by the Division on April 3, 2014.

APR 28 2014

Division of Oil & Gas

2. Petitioner owns valid Oil and Gas Leases ("Operative Leases") that cover all rights to and interest in the oil, gas and associated hydrocarbons underlying the leased parcels in the Established Drilling Unit, except the New Albany Shale formation underlying certain Unit Parcels. The Operative Leases cover 65.85 acres, more or less.
3. The Separately Owned Interest is labeled in Exhibit A as Tract 1 and described in Exhibit B as containing 15.85 acres.
4. The Separately Owned Interest is situated so as to constitute an integral and necessary part of the Established Drilling Unit as described in 312 IAC 16-5-3(c).
5. The Operative Leases, a sample of which is set out in Exhibit C, contain standard industry terms commonly used in the project area, including a 1/8th royalty and a primary term of 5 years. Landowners in the project area generally receive a lease-signing bonus of \$25.00 per acre.
6. It is the reasonable belief of Petitioner that oil underlies the Established Drilling Unit and that said substances can be economically produced by drilling and operating a well.
7. The Operative Leases grant Petitioner the right to pool or combine the leased property with other lands to establish communitized units for the production of oil, gas and associated hydrocarbons.
8. The Operative Leases provide that each landowner shall receive an equitable share of the net production of oil, gas and associated hydrocarbons in the communitized unit over and above that which may be used or consumed for production or development purposes. Ownership interest calculations pertaining to the Established Drilling Unit are set out in Exhibit E hereof.
9. The Operative Leases contain the following provision that allows the most reasonable and equitable method of sharing the production of oil, gas and associated hydrocarbons from the communitized unit:

Any operations conducted on any part of the lands pooled shall be deemed to be on the lands leased herein within the meaning of all provisions of this Lease. Production of oil and/or gas from the unit shall be allocated to the lands described herein which are included in the unit in the same proportion as the number of surface acres in the lands described herein which are included in the unit bears to the total number of surface acres in the unit.
10. Petitioner contacted the Non-Consenting Landowners and diligently attempted to acquire an Oil and Gas Lease or consent to voluntarily integrate with the leased parcels in the Established Drilling Unit. A summary of said attempts is set out in Exhibit D hereof.
11. Petitioner now intends to explore for oil but is prevented from doing so in relation to the entire Established Drilling Unit by the existence of the Separately Owned Interest.

12. Petitioner is prepared to pay all costs associated with the drilling and abandonment of the well in the event of a dry hole.
13. Petitioner intends to drill a single horizontal wellbore on the Established Drilling Unit into the Carper Sand for the production of oil. Depictions of the drilling configuration, surface location, total length and total depth of the well bore are set out in Exhibit A.
14. Petitioner intends to utilize, with the permission of landowners, a portion of the surface of the Established Drilling Unit for an access road leading to the well pad. The well pad and access road will be located in the *Southwest Quarter of the Southwest Quarter of Section 22, Township 3 North, Range 6 West*. The access road will measure approximately 20 feet wide by 50 feet long. The well pad will measure approximately 300 feet by 300 feet.
15. No Salt Water Disposal well or pipeline will be placed upon the Established Drilling Unit. All surface facilities and structures on the Established Drilling Unit will be located within the drilling pad.
16. Petitioner has executed and supplied to the Division, an Authority for Expenditure that details the costs of drilling and operating the well. Petitioner authorizes the Division to provide a copy of the Authority for Expenditure to the Non-Consenting Landowner, should the Non-Consenting Landowner opt to participate in the costs of drilling and operating the well.
17. If the Division does not integrate the Separately Owned Interest into the Established Drilling Unit, the oil thereunder cannot be economically and efficiently extracted, correlative rights cannot be protected, and waste and the drilling of unnecessary wells will occur.
18. The Division has the right and power, pursuant to the provisions of IC 14-37-9-1 et seq., to require such integration upon reasonable terms that give the owner of each tract an equitable share of oil and natural gas in the unit or pool.

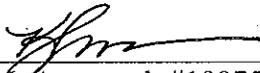
WHEREFORE, Petitioner respectfully moves the Division, after any such notice and hearing as may be required by law, to issue an "Order for the Integration of Interests" to effectuate the following:

1. Integrate the Separately Owned Interest with all other leased parcels into the Established Drilling Unit as one of the following:
  - A) A royalty owner upon the terms and conditions specified in the Operative Leases;
  - B) A participating owner who pays their share of the estimated well costs and receives their proportionate share of production; or

- C) A non-participating owner who pays their share of the well costs on a limited basis, not including up-front costs, and who is compensated a 1/8th royalty interest until the operator has recovered the Non-Consenting Landowner's share of drilling and operating costs. Thereafter, the non-participating owner receives a proportionate share of production.
2. Designate Petitioner as the operator of the Established Drilling Unit for the development and operation thereof; and
  3. Implement any further terms and provisions in accordance with the law of the State of Indiana that the Division may, in its discretion, deem desirable and proper.

Respectfully submitted,

ALLY EXPLORATION, LLC

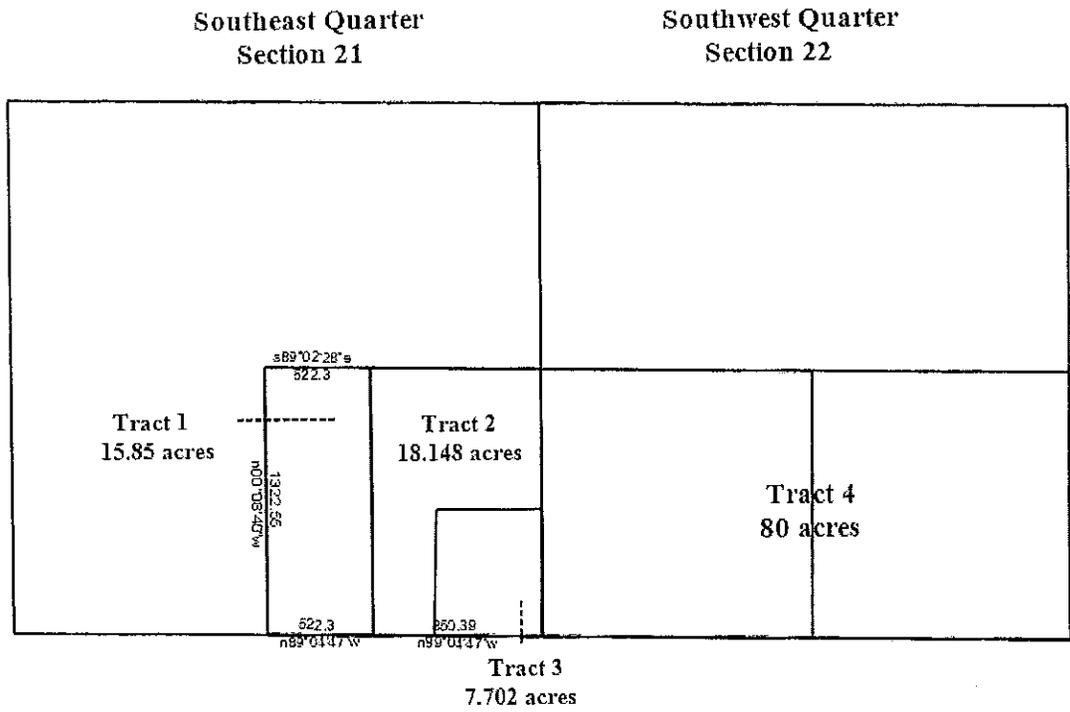
By:   
Karen J. Anspaugh #18975-49  
49 Boone Village, Suite 168  
Zionsville, Indiana 46077  
Phone: 231-668-1934  
Attorney for Petitioner

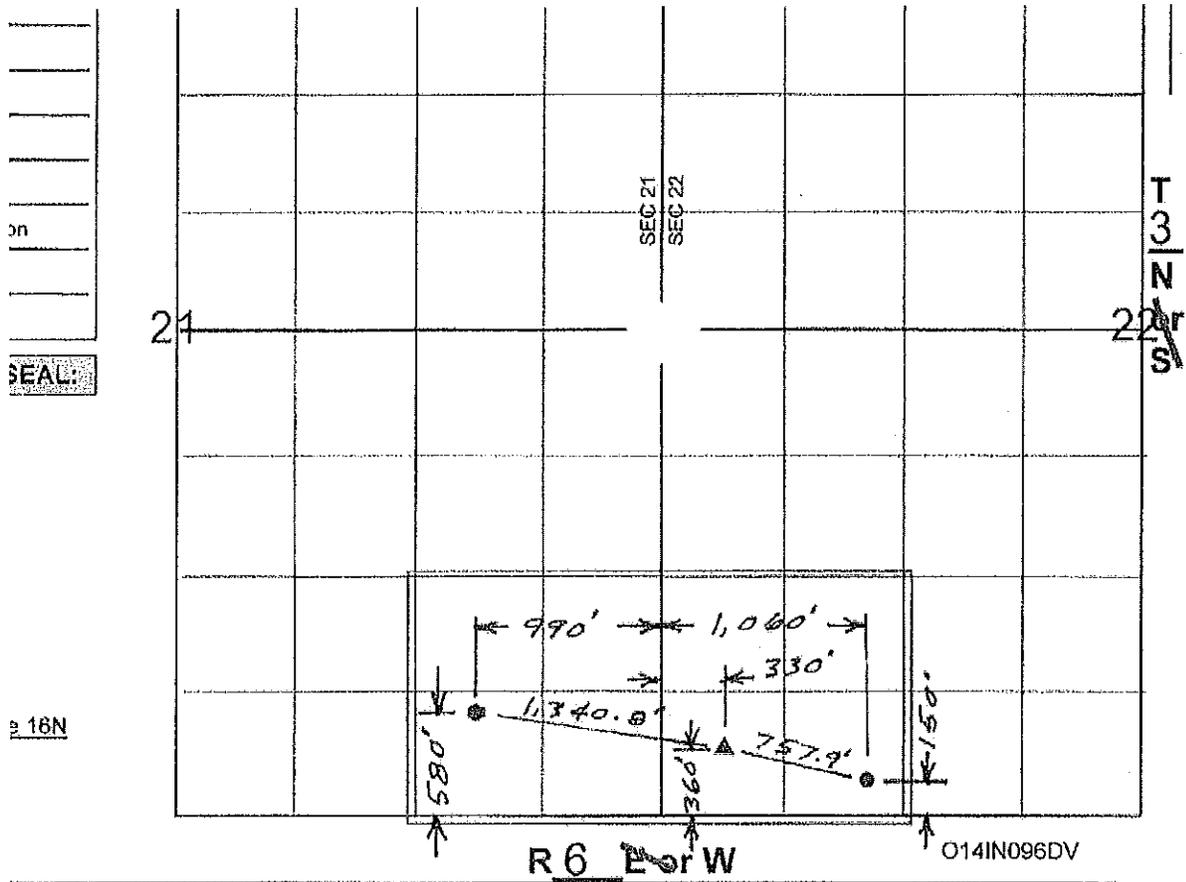
Date: 4/23/14

For Notification:

Ally Exploration, LLC  
Attn: Jeff Critchfield  
4480 Mt. Hope Road, Suite B  
Williamsburg, Michigan 49690

**EXHIBIT A: MAPS OF UNIT DEPICTING WELL AND UNIT PARCELS**  
**Established Drilling Unit Boundary is Outlined in Blue**





Plan Sections											
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N-S (usft)	+E-W (usft)	Dogleg Rate (°/100usft)	Build Rate ("/100usft)	Turn Rate (°/100usft)	TFO (°)	Target	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
1,210.00	0.00	0.00	1,210.00	0.00	0.00	0.00	0.00	0.00	0.00		
2,334.69	90.00	285.67	1,925.00	193.39	-689.39	0.00	0.00	0.00	285.67		
2,384.69	90.00	285.67	1,925.00	201.49	-713.27	0.00	0.00	0.00	0.00		
2,441.83	91.35	280.04	1,925.09	218.65	-793.44	7.50	1.75	-7.29	-78.48	McGuire 13-22 PBHL	
3,719.17	91.35	280.04	1,895.00	441.36	-2,060.85	0.00	0.00	0.00	0.00	McGuire 13-22 PBHL	

**EXHIBIT B: LEGAL DESCRIPTION OF SEPARATELY OWNED INTEREST**

**TRACT 1**

*A part of the Southeast Quarter of the Southeast Quarter, Section 21, Township 3 South, Range 6 West, Barr Township, Davies County, Indiana, commencing at the Southeast corner of said Section 21 and running along the South line of said section, North 89°04'47" West for 850.39 feet to the point of beginning of this description; thence continuing North 89°04'47" West for 522.30 feet to an iron spike found at the Southwest corner of said quarter quarter section; thence North 00°08'40" West [through a 5/8 inch steel rod with cap (MRF-11238) (hereinafter called a monument) set at 547.06 feet] for 1322.55 feet to a monument set at the Northwest corner of said quarter quarter section; thence along the North line thereof, South 89°02'28" East for 522.30 feet to a monument set; thence running South 00°08'40" East, parallel with the West line thereof, for a distance of 1322.20 feet to the point of beginning.*

[Containing 15.85 acres, more or less]

[Tax Parcel #14-09-21-400-016.001-001]

## EXHIBIT C: OIL AND GAS LEASE FORM UTILIZED IN PROJECT AREA

### OIL AND GAS LEASE (PAID UP)

THIS AGREEMENT made as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_, hereinafter called LESSOR (whether one or more), and \_\_\_\_\_, hereinafter called LESSEE, WITNESSETH:

1. (Granting and Legal Description) LESSOR, for and in consideration of TEN DOLLARS AND OTHER CONSIDERATION, the receipt of which is hereby acknowledged, and the covenants and agreements of the LESSEE hereinafter contained, does hereby grant, lease and let unto LESSEE the land described below, including all interests therein LESSOR may acquire by operation of law, reversion or otherwise, (herein called "said land"), exclusively for the purposes of exploring by geophysical and other methods, drilling, mining, operating for and producing oil and/or gas, together with all rights, privileges and easements useful or convenient in exploring for, drilling for, producing, treating, storing, caring for, transporting and removing production from said land or any other land adjacent thereto, including but not limited to rights to lay pipelines, build roads, establish and utilize facilities for disposition of water, brine or other fluids, and construct tanks, power and communication lines, pump and power stations, and other structures and facilities. Said land is in the County of Daviess, State of \_\_\_ Indiana, and is described as follows:

containing \_\_\_\_\_ acres, more or less, and all lands and interests therein contiguous or appurtenant to the land specifically described above, that are owned or claimed by LESSOR, or to which LESSOR has a preference right of acquisition, including but not limited to all lands underlying all alleys, streets, roads or highways and all riparian or submerged lands along and/or underlying any rivers, lakes or other bodies of water. The term "oil" when used in this lease shall mean crude oil and other hydrocarbons, regardless of gravity, which are produced at the well in liquid form by ordinary production methods and which are not the result of condensation of gas after it leaves the underground reservoir. The term "gas" when used in this lease shall mean a mixture of hydrocarbons and of non hydrocarbons in a gaseous state which may or may not be associated with oil, coal or shale, and including coal bed methane and shale gas and those liquids resulting from condensation of gas after it leaves the underground reservoir.

2. (Term and Operations) It is agreed that this lease shall remain in force for the primary term of Five (5) years from this date, and as long thereafter as operations are conducted upon said land with no cessation for more than 90 consecutive days, provided, however, that in no event shall this lease terminate if production of oil and/or gas from a well located on said land, or on lands pooled therewith, has not permanently ceased. If operations commenced during the primary term are discontinued less than 90 days before the end of the term, this lease shall not terminate at the end of the primary term if operations are again conducted within 90 days after the discontinuance. Whenever used in this lease the word "operations" shall refer to any of the following and any activities related thereto: preparing location for drilling, drilling, coring, testing, completing, equipping, reworking, recompleting, deepening, plugging back, de-watering, water disposal, or repairing of a well in search of or in an endeavor to obtain production of oil and/or gas, and production of oil and/or gas whether or not in paying quantities.

3. (Royalty) LESSEE covenants and agrees to pay the following royalties: (a) To deliver to the credit of the LESSOR into tank reservoirs or into the pipeline to which LESSEE may connect its well, one-eighth of the oil produced and saved from said land, LESSOR's interest to bear one-eighth of the cost of treating oil to render it marketable pipeline oil, or from time to time, at the option of the LESSEE, LESSEE may sell the oil produced and saved from said land and pay LESSOR one-eighth of the net amount realized by LESSEE, computed at the wellhead, whether the point of sale is on or off said land, (b) To pay LESSOR on gas produced from said land (1) when sold by LESSEE, whether the point of sale is on or off said land, one-eighth of the net amount realized by LESSEE, computed at the wellhead, or (2) when used by LESSEE, for purposes other than those specified in Paragraph numbered 7 of this lease, the market value, at the wellhead, of one-eighth of said gas. Prior to payment of royalty, LESSOR shall execute a Division Order setting forth his interest in production. LESSEE may pay all taxes and privilege fees levied upon the oil and gas produced, and deduct a proportionate share of the amount so paid from any monies payable to LESSOR hereunder.

4. (Shut in) If any well, capable of producing oil and/or gas, whether or not in paying quantities, located on said land, or on lands pooled or communitized with all or part of said land, is at any time shut-in and production therefrom is not sold or used off the premises, nevertheless such shut-in well shall be considered a well producing oil and/or gas and this lease will continue in force while such well is shut-in, whether before or after expiration of the primary term. LESSEE shall use reasonable diligence to market oil and/or gas capable of being produced from such shut-in well, but shall be under no obligation to reinject or recycle gas, or to market such oil and/or gas under terms, conditions, or circumstances which in LESSEE's judgment are uneconomic or otherwise unsatisfactory. If all wells on said land, or on lands pooled or communitized with all or part of said land are shut-in, then within 60 days after expiration of each period of one year in length (annual period) during which all such wells are shut-in, LESSEE shall be obligated to pay or tender, as royalty, to LESSOR, (at LESSOR's address), or its successors, as LESSOR's agent, which shall remain as the depository regardless of change in ownership of royalties, shut-in royalties or other money, the sum of \$1.00 multiplied by the number of acres subject to this lease, provided however, that if production from a well or wells is sold or used off the premises before the end of any such period or, if at the end of any such annual period this lease is being maintained in force and effect other than solely by reason of the shut-in wells, LESSEE shall not be obligated to pay or tender said sum of money for that annual period. This shut-in royalty payment may be made in currency, draft or check at the option of LESSEE, and the depositing of such payment in any post office, with sufficient postage and properly addressed to LESSOR, or said bank, within 60 days after expiration of the annual period shall be deemed sufficient payment as herein provided.

5. (Express or Implied Obligations) In the event LESSOR considers that LESSEE has not complied with its obligations hereunder, both express and implied, LESSOR shall give written notice to LESSEE, setting out specifically in what respects LESSEE has breached this contract. LESSEE shall have 60 days from receipt of such notice to commence and thereafter pursue with reasonable diligence such action as may be necessary or proper to satisfy such obligation of LESSEE, if any, with respect to LESSOR's notice. Neither the service of said notice nor the doing of any acts by LESSEE intended to satisfy any of the alleged obligations shall be deemed an admission or presumption that LESSEE has failed to perform all its obligations hereunder. No judicial action may be commenced by LESSOR for forfeiture of this lease or for damages until after said 60 day period. LESSEE shall be given a reasonable opportunity after judicial ascertainment to prevent forfeiture by discharging its express or implied obligation as established by the court. If this lease is canceled for any cause, it shall nevertheless, remain in force and effect as to (a) sufficient acreage around each well as to which there are operations, so as to constitute a drilling or maximum allowable unit under applicable governmental regulations, such acreage to be designated by LESSEE in such shape as then existing spacing rules permit; and (b) any part of said land included in a pooled unit on which there are operations. LESSEE shall also have such easements on said land as are necessary or convenient for operations on the acreage so retained.

6. (Actual Interest) If this lease covers less than the entire undivided interest in the oil and gas in said land (whether LESSOR's interest is herein specified or not), then the royalties and extension payment as provided in this lease shall be paid to LESSOR only in the proportion which the interest in oil and gas covered by this lease bears to the entire undivided interest therein.

7. (Lessee's rights) LESSEE shall have the right to use, free of cost, gas, oil and water produced on said land for LESSEE's operations hereunder, except water from the wells of LESSOR. When requested by LESSOR, LESSEE shall bury LESSEE's pipelines below plow depth. No well shall be drilled nearer than 200 feet from the house or barn now on said land without written consent of LESSOR. LESSEE shall pay for damages caused by LESSEE's operations to growing crops on said land. LESSEE shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing and any other downhole equipment and fixtures.

8. (Pooling Clause: General) LESSEE is hereby granted the right to pool or unitize said land, or any part of said land, with other lands, as to any or all minerals or horizons, to establish units containing not more than approximately 320 acres; provided, however, such units may be established so as to contain not more than approximately 640 acres as to any or all of the following: (a) gas, (b) oil produced from formations below the base of the Black River Lime and (c) oil produced from wells classified as gas wells by the regulatory agency having jurisdiction. If larger units than those permitted above, either at the time established or thereafter, are required or

permitted under any governmental rule or order for the drilling or operation of a well at a regular location or obtaining the maximum allowable from any well or for any other reason, then the maximum unit size authorized hereby shall conform to the size required or permitted by such governmental rule or order. LESSEE may enlarge the unit to the maximum area permitted herein and reform said unit to include after-acquired leases within the unit area. LESSEE may create, enlarge or reform the unit or units as above provided at any time, and from time to time, during the continuance of this lease, either before or after production is obtained. A unit established hereunder shall be effective for all purposes of this lease, whether or not all interests in the lands in the unit are effectively pooled or unitized. In no event shall LESSEE be required to drill more than one well in each unit. LESSEE may reduce or terminate such unit or units at any time prior to the discovery of oil or gas on the pooled acreage, or at any time after discovery subsequent to the cessation of production. LESSEE may create, enlarge, reform, reduce, or terminate each unit by recording a written declaration to that effect in the office of the Register of Deeds in the county or counties in which such unit is located. Any operations conducted on any part of the lands pooled shall be deemed to be on the lands leased herein within the meaning of all provisions of this lease. Production of oil and/or gas from the unit shall be allocated to the lands described herein which are included in the unit in the same proportion as the number of surface acres in the lands described herein which are included in the unit bears to the total number of surface acres in the unit.

9. (Pooling Clause for Shallow Formations) In addition to the right to pool granted to the LESSEE In Paragraph numbered 8 above, for the purpose of promoting the development of hydrocarbon production from shallow formations, as hereinafter defined, LESSEE is granted the right to pool or unitize the shallow formations in said land, or any part of said land with other lands, to establish units containing no more than approximately 2,560 acres. "Shallow formations" are defined as geologic formations between the surface of the earth and the top of the Black River Formation and/or Group. All provisions of Paragraph numbered 8, including those regarding LESSEE's identification of a unit, the effect of operations conducted thereon and the allocation of production from wells thereon, shall apply in the same manner to a unit formed pursuant to this paragraph for production from shallow formations, except to the extent inconsistent with this paragraph. LESSEE may expand the unit to include additional lands until a maximum of 2,560 acres is included in the unit.

10. (Future regulations State or Federal) All present and future rules, regulations and orders of any governmental agency pertaining to well spacing, drilling, or production units, use of materials and equipment, or otherwise, shall be binding on the parties hereto with like effect as though incorporated herein at length, provided, however, that no such rule, regulation or order shall (a) prevent LESSEE from pooling oil and/or gas development units as provided in Paragraphs numbered 8 and 9 hereof, larger than the well spacing, drilling or production units prescribed or permitted by such rule, regulation or order or (b) require a greater density for shallow formation wells than required by Paragraph numbered 9 above.

11. (Operations if land is subdivided) If, after the date hereof, the leased premises shall be conveyed in severalty or in separate tracts, the premises shall, nevertheless, be developed and operated as one lease, except that royalties as to any producing well shall be payable to the owner or owners of only those tracts located within the drilling unit designated by the state regulatory agency for such well and apportioned among said tracts on a surface acreage basis; provided, however, if a portion of the leased premises is pooled with other lands for the purpose of operating the pooled unit as one lease, this paragraph shall be inoperative as to the portion so pooled or unitized.

12. (Force Majeure) If LESSEE is prevented from, or delayed in commencing, continuing, or resuming operations, or complying with its express or implied obligations hereunder by circumstances not reasonably within LESSEE's control, this lease shall not terminate and LESSEE shall not be liable in damages so long as said circumstances continue (the "period of suspension"). These circumstances include, but are not limited to the following: Conflict with federal, state or local laws, rules, regulations, and executive orders; acts of God; strikes; lockouts; riots; wars; improper refusal or undue delay by any governmental agency in issuing a necessary approval, license or permit applied for by LESSEE; equipment failures; inability to obtain materials in the open market or to transport said materials. If the period of suspension commences more than 90 days prior to the end of the primary term of this lease, then that period of suspension shall be added to the primary term. If the period of suspension commences less than 90 days prior to the end of the primary term or at any time after the primary term, this lease shall not terminate if LESSEE shall commence or resume operations within 90 days after the end of the period of suspension.

13. (Estate) If the estate of either party hereto is assigned, the privilege of assigning in whole or in part is expressly allowed, the covenants and provisions of this lease shall extend to such party's heirs, devisees, legal representatives, successors or assigns. Notwithstanding any other actual or constructive knowledge of the record owner of this lease, no change in the ownership of land or assignment of royalties or other monies, or any part thereof, shall be binding on the then record owner of this lease until 45 days after the record owner has received, by certified mail, written notice of such change, and the originals or certified copies of those instruments that have been properly filed for record and that shall be necessary in the opinion of record owner to establish the validity of such change of ownership or division of interest. No change or division in the ownership of said land, royalties or other monies, or any part thereof however accomplished, shall increase the obligations or diminish the rights of LESSEE, including, but not limited to, rights and obligations relating to the locating and drilling of wells and the measurement of production. Upon assignment by LESSEE, its successors or assigns, the assignor shall be released from, and the assignee shall assume, the responsibility to fulfill the conditions and to perform the covenants of this lease express or implied, with regard to the interest assigned. Breach of any covenant or failure to fulfill any condition by an owner of any part of the leasehold interest created by this lease shall not defeat or affect the rights of the owner(s) of any other part.

14. (Warranty) LESSOR hereby warrants and agrees to defend the title to said land, and agrees that LESSEE may at any time pay all or part of any land contract, mortgage, taxes, or other liens or charges with respect to said land, either before or after maturity, and be subrogated to the rights of the holder thereof, and may reimburse itself by applying to such payments any royalty or other monies payable to LESSOR hereunder. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as LESSOR.

15. (Surrender of Lease) LESSEE may at any time surrender this lease as to all or part of said land, by delivering or mailing a release to LESSOR if the lease is not recorded, or by placing a release of record in the proper county if the lease is recorded. If this lease is surrendered only as to part of said land, any shut-in royalties which may thereafter be payable hereunder shall be reduced proportionately.

16. (Written notification) All written notices permitted or required by this lease to be given LESSOR and LESSEE herein shall be at their respective addresses listed hereinabove, shall be by certified United States mail, and shall identify this lease by date, parties, description and recording data; provided that either party may change such notice address by giving written notice to the other party specifying the new address.

17. (Extension of Option) This lease may, at LESSEE's option, be extended as to all or part of the lands covered hereby for an additional primary term of \_\_\_\_\_ years commencing on the date that the lease would have expired but for the extension. LESSEE may exercise its option by paying or tendering to LESSOR an extension payment of \_\_\_\_\_ per acre for the land then covered by the extended lease, said bonus to be paid or tendered to LESSOR in the same manner as provided in Paragraph numbered 4 hereof with regard to the payment of shut-in royalties. If LESSEE exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the date of the lease and continuing from that date to the end of the extended primary term.

18. (Unitization) Lessor agrees to participate in and to execute a unitization agreement as provided by Lessee, pooling this land with other lands to create a production unit(s).

Executed as of the day and year first above written.

STATE OF INDIANA )  
 )SS (Acknowledgment)  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by

\_\_\_\_\_

My commission expires \_\_\_\_\_

\_\_\_\_\_  
Notary Public

Notary in \_\_\_\_\_ County, Indiana

## EXHIBIT D: CONTACT REPORT SUMMARIZING LEASE ATTEMPTS

Alan Sheeley, on behalf of Ally Exploration, attempted the following described contacts with the Non-Consenting Landowners to offer the opportunity to execute an Oil and Gas Lease.

- 3/18/14: Visited Knepp residence at 12:50 PM. Various cars were present in the driveway. No answer at house door or pole barn door.
- 3/18/14: Spoke with Vernon Knepp via telephone at 1:00 PM. He reported being out of town until late Thursday and indicated he would call Thursday night to set up a meeting on Friday. This call was not returned.
- 3/20/14: Left voice message for Vernon Knepp at 5:15 PM requesting to schedule a meeting. This call was not returned.
- 3/20/14: Left voice message for Vernon Knepp at 7:35 PM requesting to schedule a meeting. This call was not returned.
- 3/21/14: Left voice message for Vernon Knepp at 9:30 AM requesting to schedule a meeting. This call was not returned.
- 3/21/14: Visited Knepp residence at 9:50 AM. Various cars were present in the driveway. No answer at house door or pole barn door.
- 3/21/14: Visited Knepp residence at 5:20 PM. Construction trucks were visible through the open pole barn door. No answer at house door or pole barn door.
- 3/21/14: Left voice message for Vernon Knepp at 5:20 PM requesting to schedule a meeting. This call was not returned.
- 3/22/14: Visited Knepp residence at 9:45 AM. No answer at house door. Spoke with neighbor who was looking for Vernon Knepp. We looked through the open pole barn. Could not locate Vernon Knepp or any of his family members.
- 3/22/14: Spoke with Vernon Knepp via telephone at 9:45 AM and set up meeting.
- 3/22/14: Met with Vernon Knepp at 10:00 AM and offered him a pre-prepared No-Surface Use Oil and Gas Lease with a 1/8th royalty interest and a lease signing bonus of \$25.00 per acre. He indicated he would have an attorney review the Oil and Gas Lease and respond back by 3/28/2014. He communicated that the attorney's opinion would affect his decision regarding whether to lease.
- 3/27/14: Left voice message for Vernon Knepp at 4:05 PM to follow up with him about meeting with his attorney. This call was not returned.

- 3/29/14: Left voice message for Vernon Knepp at 11:22 AM to follow up with him about meeting with his attorney. This call was not returned.
- 3/31/14: Left voice message for Vernon Knepp at 9:25 AM to follow up with him about meeting with his attorney. This call was not returned.
- 4/02/14: Left voice message for Vernon Knepp at 9:15 AM to follow up with him about meeting with his attorney.
- 4/04/14: Vernon Knepp called back and communicated that he had a lease addendum prepared by his attorney and that his attorney would provide the same. This lease addendum was not provided.
- 4/07/14: Left voice message for Vernon Knepp at 2:28 PM to let him know that the lease addendum had not been received. This call was not returned.
- 4/09/14: Left voice message for Vernon Knepp to let him know that the lease addendum had not been received. This call was not returned.
- 4/10/14: Left voice message for Vernon Knepp 9:43 AM to let him know that the lease addendum had not been received. This call was not returned.
- 4/11/14: Left voice message for Vernon Knepp requesting a meeting to review addendum language and follow up. This call was not returned.
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- 4/12/14: Left voice message for Vernon Knepp at 9:50 AM requesting a meeting to review addendum language and follow up. This call was not returned.
- 4/12/14: Visited Knepp residence at 9:55 AM. Knocked on the door and spoke with Mrs. Knepp who indicated that Vernon Knepp was out cutting and hauling wood and would be back in the evening.
- 4/12/14: Left voice message for Vernon Knepp at 6:20 PM requesting a meeting to review addendum language and follow up. This call was not returned.
- 4/12/14: Visited Knepp residence at 6:23 PM. No answer at the house door. Spoke with three girls playing in the yard who thought Vernon Knepp was in the back pole barn. Walked around both pole barns but could not locate Vernon Knepp. The girls then communicated that he may have gone fishing. I gave them my first name and asked them to tell him I had stopped by.
- 4/14/14: Left voice message for Vernon Knepp at 9:00 AM requesting a return call. This call was not returned.

- 4/14/14: Spoke with attorney Kevin Patmore in Dale, Indiana via telephone and explained that I was trying to get an addendum he may have prepared for Vernon Knepp. Patmore acknowledged speaking with Vernon Knepp and responded that he must talk with Mr. Knepp before he could provide further information.
- 4/15/14: Left voice message for Vernon Knepp at 11:25 AM requesting a return call. This call was not returned.
- 4/15/14: Left voice message for attorney Kevin Patmore at 11:25 AM requesting a return call. This call was not returned.
- 4/17/14: Left voice message for Vernon Knepp at 6:05 PM stating apologetically that my client has asked me to give him 24 hours to respond back regarding his intentions to lease before starting an effort for compulsory pool. This call was not returned.

**EXHIBIT E: DIVISION OF OWNERSHIP INTEREST**  
**McGuire 13-22HD Established Drilling Unit**

TRACT	ACRES	LEASE	INTEREST HOLDER	INTEREST TYPE	Before 10/31/14		After 10/31/14	
					Ownership	Royalty	Ownership	Royalty
Tract #1	15.8500		Ally Exploration, LLC	Working Interest	80.00000			
			Atlas Energy Indiana, LLC	Overriding Royalty Interest	7.50000			
		Unleased	Vernon Knepp and Regina Knepp, husband and wife	Surface Estate and Remainder Interest in oil and gas to vest on 10/31/14			12.50000	2.42503060
		#13-4499	The Michael Lee Patton and Gaetana Lynne Patton	50% interest in oil/gas until 10/31/14	6.25000	1.21251530		
			July 25, 1996 Family Trust					
		#10-1182	Cheri K. McGuire	25% interest in oil/gas until 10/31/14	3.12500	0.60625765		
		#10-1184	Kevin J. McGuire	25% interest in oil/gas until 10/31/14	3.12500	0.60625765		
			<b>Total Interest</b>		<b>100.00000</b>			
Tract #2	18.1480		Ally Exploration, LLC	Working Interest	80.00000			
			Atlas Energy Indiana, LLC	Overriding Royalty Interest	7.50000			
		#14-0166	Loren H. Graber and Mary Jane Graber, husband and wife	Surface Estate and Remainder Interest in oil and gas to vest on 10/31/14			12.50000	2.77662179
		#13-4499	The Michael Lee Patton and Gaetana Lynne Patton	50% interest in oil/gas until 10/31/14	6.25000	1.38831089		
			July 25, 1996 Family Trust					
		#10-1182	Cheri K. McGuire	25% interest in oil/gas until 10/31/14	3.12500	0.69415545		
		#10-1184	Kevin J. McGuire	25% interest in oil/gas until 10/31/14	3.12500	0.69415545		
			<b>Total Interest</b>		<b>100.00000</b>			
Tract #3	7.7020		Ally Exploration, LLC	Working Interest	80.00000			
			Atlas Energy Indiana, LLC	Overriding Royalty Interest	7.50000			
		#14-0167	Marvin D. Graber	Surface Estate and Remainder Interest in oil and gas to vest on 10/31/14			12.50000	1.17839657
		#13-4499	The Michael Lee Patton and Gaetana Lynne Patton	50% interest in oil/gas until 10/31/14	6.25000	0.58919829		
			July 25, 1996 Family Trust					
		#10-1182	Cheri K. McGuire	25% interest in oil/gas until 10/31/14	3.12500	0.29459914		
		#10-1184	Kevin J. McGuire	25% interest in oil/gas until 10/31/14	3.12500	0.29459914		
			<b>Total Interest</b>		<b>100.00000</b>			

