Mitchell E. Daniels, Jr., Governor
Robert E. Carter, DNR Director

DNR Indiana Department of Natural Resources

Division of Oil and Gas
402 West Washington St., Rm.W293
Indianapolis, IN 46204-2748
(317) 232-4055
(317) 232-1550 fax

NOTICE OF INFORMAL HEARING ON APPLICATION FOR FORCED POOLING FILED BY ATLAS ENERGY INDIANA, LLC

KIRKWOOD B4-5 POOLED UNIT
SECTION 32, TWP 5 NORTH, RNG 8 WEST, KNOX COUNTY, IN and
SECTION 5, TWP 4 NORTH, RNG 8 WEST, KNOX COUNTY, IN

CAUSE NO. DOG-5-2010

TO: Robin and Janice Bobert, 12026 East Kuhn Road, Bicknessl, IN 47512

Purpose Of This Notice

You are being provided with this notice because a petition has been submitted to our office on behalf of Atlas Energy Indiana, LLC., requesting that certain interests owned by the following be incorporated into their proposed Kirkwood B4-5 Pooled Unit:

- Robin and Janice Bobert, 12026 East Kuhn Road, Bicknessl, IN 47512

This unit is being established for the purpose of drilling for and producing crude oil or natural gas. The unleased interests are located in portions of Section 32, Township 5 North, Range 8 West, and portions of Section 5, Township 4 North, Range 8 West, all in Knox County, Indiana.

Background Information

Indiana law requires the protection of what are known as "correlative rights." This means that a property owner's opportunity to receive the benefits of the oil, gas and other hydrocarbons located beneath their acreage cannot be unreasonably taken away. Any owner of oil and gas interests is entitled to share in the production of oil and gas produced from their property. This may result either from the drilling of a well by the owner or by conveying their oil and gas interests to another party who would then drill a well and allocate a proportionate share of the proceeds from the production to the owner. Most owners choose to lease their oil and gas interests to another party rather than assume the risk, expense, and liability associated with the drilling of their own well.

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Where owners voluntarily sign an oil and gas lease, the lease agreement establishes the specific terms and payments to be made from production. If an owner has chosen not to negotiate the terms of exploration and production, the compulsory integration process is intended to safeguard their correlative rights. It is our understanding that a representative of the petitioner has made a diligent and reasonable attempt to obtain your consent to the leasing of your oil and gas interests as documented in EXHIBIT "E" of the Petition.

In order to prevent waste of oil or natural gas and the drilling of unnecessary wells, Indiana regulations also establish requirements for an operator proposing to drill a well for oil and gas purposes. According to 312 IAC 16-5-1 and 16-5-2, operators are required to form a drilling unit, also known as a spacing unit, of sufficient size, so as to effectively and economically drain all of the oil or gas resources thereunder, while minimizing the environmental impact.

Indiana Law, at IC 14-37-9, spells out the requirements for the voluntary and involuntary integrating of oil and gas interests among different owners within an established drilling unit. Integration occurs voluntarily when all property owners within a spacing unit execute an oil and gas lease containing a pooling clause in favor of a single developer or well operator. The law also allows for the integration of interests in instances where not all of the oil and gas interest owners have executed a lease. This process is sometimes referred to as "forced pooling".

Accordingly, a well operator may submit a petition for involuntary integration to the Division of Oil and Gas whenever the integration of interests is necessary to prevent the stated statutory purposes of avoiding waste and preventing the drilling of unnecessary wells. Prior to submitting a petition, a well operator is required to obtain a substantial majority of the interests within the drilling unit and must also have made a diligent and reasonable attempt to obtain the consent of all owners of oil and gas interests within the drilling unit.

A copy of the petition is included for your review. Copies may also be viewed from our website at http://www.in.gov/dnr/dnroil/3790.htm. A hyperlink to the petition can be viewed by selecting the (View Petition) hyperlink for this cause number (DOG-5-2010).

In considering the petition the Division of Oil and Gas must ensure that owners receive an equitable share of the crude oil and natural gas produced from the integrated drilling unit. For primary production wells, owners usually are assigned a percentage share based upon the ratio of the acreage you own and the total acreage in the unit. For example a 25 acre parcel which was part of a 100 acre unit would be assigned a 0.25 or 25% interest in the oil or gas production multiplied by a factor which reflects the specific oil and gas interests which the owner possesses (i.e. 1/8th royalty interest, 7/8^{ths} working interest, etc.).

Your Options

It is important to understand that, at any time, should you decide to voluntarily sign a mutually acceptable lease with the petitioners, there will be no need to proceed further with this process to integrate your interests.

Since your interests are located within a drilling unit to be duly established under Indiana regulations, and that integration terms have not been agreed upon through a lease, the forced

pooling or integration procedure provides you with three (3) options regarding the distribution of production from within the drilling units. Note that an integration order in this instance will usually not grant to the operator a legal right of entry onto, over, or across the surface of your property. Your choice relates only to how you would prefer to receive production proceeds and whether you want to increase your portion by sharing in the associated costs of the well. A summary of your options is as follows:

1. **Integration as a Royalty Owner**: If you elect this option, you are not liable for any costs or fees associated with the drilling or operation of the well. ***This is the default option that we will select for you if we do not hear otherwise from you***. As a royalty owner you will be entitled to receive not less than 1/8th of the net production of oil, gas and other hydrocarbons above that which may be used or consumed for production or development purposes. The net production share is based upon the ratio between the acreage of the tract you own and the total acreage of the spacing unit.

2. **Integration as a Participating Owner**: If you elect this option, you can participate in the costs of drilling and production by paying your share of estimated well costs to the well operator within thirty (30) days of the informal hearing. This money will not be refunded if the well is a dry hole or does not pay for itself. In exchange, you will receive your full proportional share of the production.

3. **Integration as a Non-Participating Owner**: If you elect this option, you can participate in the costs of drilling and production on a limited or carried basis. You will have the same responsibilities as a participating owner, except that you do not risk your own money by paying your share of costs up front. A dry hole costs you nothing. You will not receive compensation from the well operator until the well operator has, through the sale of your share of production, recovered your proportional share of the costs for drilling and operating the well. Thereafter, you will receive your proportional share of the production and will be treated as a participating owner.

Most owners choose not to participate in the drilling and operational costs of a well and are integrated as a ***royalty owner (Option 1)***. If you are interested in pursuing integration as either a ***non-participating owner (Option 2)*** or a ***participating owner (Option 3)***, you will need to contact the petitioner to obtain information regarding the estimated well costs and operating expenses that you would be expected to share.

You are encouraged to consult with a lawyer experienced in oil and gas leasing before making any decisions. In most cases, you will be choosing among your options before the well is drilled and before you know whether the well will be a success that pays for itself, a marginal producer that never pays for itself, or a dry hole. Investing in oil and gas exploration can be a risky proposition and the benefits, costs, and obligations of participating in an oil or gas well may affect you and your property for many years.

Notice of Informal Hearing – Cause No. DOG-5-2010

An informal hearing to consider the petition and receive comments from interested persons is scheduled for Tuesday, August 17, 2010, at 10:00 a.m. (Eastern) at the Jasonville Office of the Division of Reclamation, located at Highway 54 West, in Jasonville, IN 47438. This hearing is being conducted as required by IC 14-37-3-16(4) and 312 IAC 16-2-3.

Again, you are reminded that at any time prior to the integration hearing, you may voluntarily enter into a lease or other private agreement regarding the development of your oil and gas resources.

Any interested person may attend the informal hearing and present relevant oral or written comments in person or by counsel. While not required, persons wishing to attend are encouraged to notify the Division of Oil and Gas in advance at (317) 232-4058, to assist us in ensuring that adequate space is available to accommodate everyone wishing to attend and that suitable accommodations are made for persons with special needs.

If you have questions pertaining to the petition, the informal hearing process, or any of your options described above, please contact me at 317-232-4058 or by e-mail at hmcdivitt@dnr.in.gov. Comments concerning the petition may be submitted:

(1) in person at the informal hearing;
(2) in writing to the address below provided they are postmarked no later than **August 15, 2010**;
(3) by fax to (317) 232-1550 no later than **4:00 PM (Eastern)** on **August 17, 2010**; or
(4) by email to hmcdivitt@dnr.in.gov:

Herschel L. McDivitt, Director
Division of Oil and Gas
Department of Natural Resources
Cause No. DOG-5-2010
402 West Washington Street, Room W-293
Indianapolis, IN 46204

All comments will be taken into consideration whether or not the commenter attends the informal hearing. After reviewing all oral and written comments received, the Division will either approve or deny the Petition for Integration of Interests filed by Atlas Energy Indiana, LLC. in a written order that will be subject to administrative review under Indiana Code 4-21.5.

July 16, 2010
DATED

Herschel L. McDivitt

Herschel L. McDivitt
Director
Indiana Division of Oil and Gas