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EXHIBIT A

RITCHIE COUNTY COMMISSION TRACIE D. MCDONALD, CLERK 115 E MAIN STREET, ROOM 201 HARRISVILLE, WV 26362

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, TO-WIT:

I, Tracie D. McDonald, Clerk of the County Commission of Ritchie County, in the State of West Virginia, and as such Clerk do hereby certify that the foregoing is a true and accurate copy of the Board of Assessment Appeals for Antero Resources Corporation.



THE THE PROPERTY AND A STATE OF A

In Testimony Whereof, I have hereunto
Set my hand and affixed the seal of said Commission
At the City of Harrisville, in said County and State,
This 10th, day of December, 2021

Clerk of the County Commission of

Ritchie County, West Virginia



The County Commission of Ritchie County

RITCHIE COUNTY COURT HOUSE 115 East Main Street, Room 201 Harrisville, West Virginia Phone (304) 643-2164 Fax (304) 643-2906

MEMBERS: SAMUEL C. ROGERS STEPHEN C. WORDEN RANDALL E. RIGGS TRACIE D. MCDONALD CLERK

November 12th, 2021

John Meadows Legal Counsel for Antero Resources Corporation

Re: Antero Resources Corporation

P Wind

Mr. Meadows:

The Ritchie County Commission met as the Board of Appeals on October 1th, 2021. A motion to deny the request from Antero Resources Corporation to reevaluate the property tax assessment, for the year 2021 was made and passed by the commission.

Respectfully,

Stephen C. Worden

Commission President

ORIGINAL

ANTERO RESOURCES CORPORATION'S TAX YEAR 2021 v.

HEARING 10/14/2021

IN	THE COUNTY COMMISSION OF RITCHIE COUNTY, WEST VIRGINIA
STTT	NG AS THE BOARD OF ASSESSMENTS APPEALS
RE: A	INTERO RESOURCES CORPORATION'S TAX YEAR 2021 NOTICE
OF PR	OTEST AND ELECTION TO HAVE MATTER HEARD BY THE OF ASSESSMENT APPEALS
Virgi	Above-captioned hearing under the West nia Rules of Civil Procedure in the above-entitled
actio	on, pursuant to notice, before Teresa Reedy, a stered Professional Reporter, at the Ritchie County
Court	house, 115 Main Street, Harrisville, West nia, on the 14th day of October, 2021.
7	With the was a second second and a second an
	REALTIME REPORTERS, LLC 713 Lee Street
	Charleston, WV 25301 (304) 344-8463
	realtimereporters.net

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Lawrence D. Rosenberg, Esquire JONES DAY 51 Louisiana Avenue, N.W.
Washington, DC 20001-2113
APPEARING FOR THE STATE OF WEST VIRGINIA:
Jan Mudrinich, Esquire
STATE OF WEST VIRGINIA P.O. Box 2389
Charleston, WV 25301
ALSO PRESENT:
Stephen Worden, county commissioner Sam Rogers, county commissioner
Randall Boggs, county commissioner

				10/1-1/2021
1	EXAMINATION INDEX			
2	VDVIN DI LIC			
3	KEVIN ELLIS DIRECT BY MR. ROSENBERG		30	
4	BY MR. ROGERS 4	40 40		
5	RECROSS BY MR. MUDRINICH RE-DIRECT BY MR. ROSENBERG		42 47	
6	ELIZABETH BURG			
7	CROSS BY MR. MUDRINICH		56	
8	BY MR. ROGERS		57	
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				

				10/17/2021
1		EXHIBIT INDEX		
2	State		MAR	
3			50	
4	1	Legislative rule	58	
5	2	Tax year 2021 variables	58	
6	3	Yield cap models that went to all the appraisals	58	
7				
8	1	Binder documents	58	
9	2	Binder documents	58	
10	3	Binder documents	58	
11	4	Binder documents	58	
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				

1 MR. WORDEN: Go ahead and call this board of appeals meeting to order. Our 10:00 appointment is 2 Antero Resources Corporation. State your name for the 3 4 minutes and -- well, the recorder and we'll go from 5 there. We do have some good news for you gentlemen. 6 The 10:15 and 10:30 appointments canceled, so you have 7 until 10:45 and then we can recess if you need to come 8 back. 9 MR. MEADOWS: We appreciate the 10 additional time. Good morning, Commissioners. My name is John Meadows. I'm from the law firm of Steptoe & 11 12 Johnson in Charleston. I thank you for hearing us this morning. I'm here on behalf of Antero Resources. 13 14 We have an administerial act to happen before we begin this morning, so I want to introduce my 15 16 friend, Larry Rosenberg. Mr. Rosenberg's an attorney 17 practicing from out of state. We have moved his 18 admission Pro Hac Vice pursuant to the rules of the 19 state bar. We've paid the fees with Anita Casey at the 2.0 state bar and have in all respects met the 21 qualifications. But technically before he begins speaking today, I need for the commission upon report 22 23 of written motion to grant his admission Pro Hac Vice 24 pursuant to the state bar rules.

1 MR. WORDEN: So will do. 2 MR. MEADOWS: Thank you very much. that being said, my friend Larry Rosenberg is going to 3 4 give his presentation and I'm going to circulate some 5 binders for the group. MR. ROSENBERG: So our presentation is 6 7 going to consist of two parts. The first is I'm going 8 to go through primarily Exhibit 2 in this binder which is a slide deck and I'll do it pretty quickly so it'll 10 be efficient, and I'm just going to highlight a few 11 things in here. 12 And then, secondly, we have two 13 witnesses. We have Kevin Ellis from Antero, and we have Elizabeth Burg from Altus who is an accounting 14 expert and we're going to have some brief testimony 15 16 from both of them if that's okay. 17 So I would like to start with the 18 presentations so we can understand everything. Ιf 19 everyone can turn to Exhibit 2 in the binder. This is 20 the sly deck, and I just start with a summary which is 21 slide 2 here. I want to emphasis that Antero believes 2.2 that it is a partner with Ritchie County and wants to be a valued partner with the county and has no problems 23

paying its fair share of taxes ad valorem and otherwise

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expects to do that.

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However, the concern which brought us here today is that Antero is paying unfair share of taxes. One that is grossly inflated and that is contrary to law. And there are a couple of key legal points that we're going to be discussing.

One of them is constitutional that because Antero primarily sells its gas out of state, it incurs very significant expenses in getting that gas from the wellhead to the point of sale. And those expenses have not been able to be netted out of gross receipts or otherwise deducted by the state and by Ritchie County, and that, therefore, discriminates against Antero both under the commerce clause because it's selling its product primarily out of state and under the equal protection clause because it's being treated differently from its competitors in the State of West Virginia.

The second issue or cluster of issues has to do with the State Administrative Procedures Act and the due process clause. And this relates to guidance that was issued in June of 2020 by the state which specifically told folks like Antero that for this tax year we're talking about today, tax year 2021, that

they should be able and should, in fact, net out their production expenses from gross receipts before reporting those gross receipts.

That guidance, however, was not followed by the state, and then the state tried to withdraw it in October of 2020 and we believe that that withdrawal is ultra vires and illegal. And just so you get the time frame because it's important, the June guidance came out and then in August Antero submitted its values to the state using that guidance. And then those values were disallowed and then the state tried to withdraw the guidance.

We believe that this violates the State Administrative Procedures Act and also violates the due process clause of the United States and West Virginia constitutions. So I want to go through some of this quickly.

First, if you turn to slide 3, we want to emphasize that Antero makes significant contributions to Ritchie County. There's a very significant amount of royalties that are paid. This is from 2018 to 2020. We're talking about over \$300 million in royalties that have been paid based on wells and mineral owners living in Ritchie County.

1 There has also been very significant amount of property tax. Antero has been involved in 2 3 road upgrades. The witnesses are going to testify about both of these issues, Mr. Ellis in particular. 4 5 If you turn to slide 4, Antero's community partnership, there are a number of ways in 6 7 which Antero -- and this has not just been through its 8 tax dollars, but through other additional charitable 9 works has been a community partner with Ritchie County, has supported a number of events, activities, and 10 11 important projects in Ritchie County; and, again, 12 Mr. Ellis is going to talk about these. 13 Slide 6 there's some pictures from Ritchie County opening day 2017 and Pennsboro train 14 15 depot in 2016. 16 And then we move to the next slide which we get to a little bit of a legal discussion. We have 17 a little bit of both federal and state constitutional 18 provisions here that talk about Antero having to be 19 20 treated the same as its competitors. As its similarly situated competitors. That's what the protection 21 clauses require, and in many ways that's what the 22 23 negative commerce clause requires as well. 24 If we turn to slide 7, we have some

1 quotations from the United States Supreme Court. 2 direct your attention to the second bullet. A state 3 may not tax a transaction or incident more heavily when it crosses state lines than when it occurs entirely 4 5 within the state. And that's exactly what is 6 happening. Because Antero primarily sells its gas out 7 of state, it's paying these much higher expenses, but it is unable to deduct them. 8 9 And in-state sellers or primarily in-state sellers don't incur those expenses, they don't 10 11 have -- they're not taxed to the value of those 12 expenses and they, therefore, are much better off in 13 the tax respect than is Antero. Slide 8, the ad valorem tax violates 14 15 these foundational constitutional principles. 16 because Antero not only chooses to but needs to sell 17 its gas out of state -- Mr. Ellis is going to testify that if Antero simply sold all of its gas in state that 18 19 would flood the West Virginia gas market and, put 20 basically, collapse the West Virginia gas market. 21 sells way too much gas to sell it all in state. 22 had been some things in previous years where the state 23 had suggested all Antero has to do is sell in state. 2.4 That simply is not a realistic option. The demand for

1 this gas is out of state and the supplies is way more 2 than West Virginia would be able to handle. 3 Take a look at slide 9 if you will. This 4 is something that Mr. Ellis is going to testify to. 5 This is the diversity of product and destination. this chart basically shows is that the gas that Antero 6 7 sells goes all over the country. There is 8 transportation to places such as Texas, Louisiana, places such as Illinois. Places such as Pennsylvania 9 with a lot of the gas is loaded up and sold overseas. 10 11 So Antero is selling an awful lot of its project in 12 far-away destinations and other states. 13 If we take a look at the next slide, 14 slide 10, this is a graph that shows some of the 15 expenses that Antero incurs in getting its gas from the wellhead to the point of sale. So you have gathering 16 17 and compression costs, you have processing and fractionation costs, and you have transportation costs. 18 19 And these are all very significant and these are 20 expenses which Antero bears in very significant 21 proportion to the locations where it is ultimately selling the gas, which as I say are out of state and 2.2 23 far away. 24 If you take a look at the next slide,

slide 11, this is a comparison where it looks at the 1 2 costs that Antero incurs on an average per well. 3 for West Virginia as a whole, the top little chart here 4 on slide 11, it's about 1.6 million per well. 5 these are costs that have been disallowed by the state. 6 These are not costs that are allowed or otherwise These are disallowed costs. And for Ritchie 7 deducted. 8 County it's even higher because there are some significant processing costs and transportation costs 9 incurred with its product in Ritchie County. 10 about 2.1 million. 11 12 And this, as we'll look at another slide, when compared to the standard deduction the state 13 allows on 125,000 per well, this is way, way higher 14 15 than that. 16 If you take a look at slide 12, Ms. Burg 17 has done a comparison of how Antero's tax burden 18 compares with those of its competitors. Here we talk 19 about the well assessment multiple per MCF. 20 every level of production, for less than 500,000 MCF 21 through over a million MCF in all wells, Antero, blue here, is paying a much higher multiple than its 2.2 23 competitors. 24 Slide 13 is a very interesting graphic

1 that Mr. Ellis put together. I want to direct your attention -- this compares two wells that are less than 2 a mile apart. One well is an EQT well and the other is 3 4 an Antero well, and the taxes multiple for the EQT well The tax multiple for Antero is 3.13, and 5 is 1.04. these are two wells that have similar production 6 7 volumes. As you can see from the information -- it's a 8 little small there, but the comparison shows that Antero's paying triple as far as taxed on multiple, 9 10 it's triple that of EQT for two wells that are 3,000 feet apart and produce very similar amounts of gas. 11 12 Take a look at slide 14. This, again, is sort of showing this is what the average cost per well 13 14 in West Virginia versus the deductible amount. 15 we're talking about 1.6 million versus 125,000 where is Doddridge over 2 million and you're talking about 16 between 10 and 20 times the amount of the standard 17 18 allowed deduction are the expenses that Antero incurs 19 per well. 2.0 So I want to talk a little bit about what all this means legally. So if you look at slide 15, 21 22 because Antero is taxed at a much higher rate than in-state sellers, this violates the constitution. 23 24 violates equal prediction. It violates the commerce

1 law. In fact, in prior parallel litigation, the 2 business court recognized that the tax scheme 3 disparately taxes well owners for no plausible reason. 4 If you look at slide 18, basically 5 because Antero has invoked a privilege of engaging in 6 interstate commerce, it is being taxed at a much higher 7 In fact, the state has admitted this in 8 hearings back in 2019 I believe in really all the 9 counties where there were hearings, the state simply suggested, well, Antero can avoid all of this simply by 10 11 selling at the wellhead, but that is simply not 12 feasible or realistic for Antero based on the markets 13 that we have. 14 Again, Antero can't get this gas, can't 15 sell it at the wellhead and get it to the places where 16 the demand is and it's over 3 billion MCF per day. 17 there's no way West Virginia could absorb that amount That's not a plausible option. 18 of gas. I think it 19 shows a little bit of the understanding by the state 20 that this is discriminating against Antero because it 21 does primarily sell out of state. 22 If you take a look at slide 17, the June 2020 guidance is a very significant aspect of this and 23 we're going to talk about that now. And that is a 24

1 guidance document. That guidance document -- by the way, the full document is at tab 3 of your binders. 2 cut out pieces of it that I'll talk about here, but the 3 full tax of the June 2020 guidance and the October 2020 4 withdrawal are tab 3 of the binder. 6 In that June 2020 guidance, the state 7 accepted the very argument that Antero has been making before and makes here that by taxing Antero 8 disproportionately because it sells out of state it 9 10 incurs these expenses. I think it's overtaxing Antero. 11 If you take a look at slide 18, there's 12 language from the June 2020 guidance, and it talks about the definition of gross receipts. And then below 13 it says, When sale of the natural gas or oil produced 14 15 from wells is not sellable in a field line sales 16 transaction, then the gross proceeds of sales derived from the sales transaction needs to be adjusted to 17 approximate the gross receipts you would have received 18 19 had the sale been a fuel line sales transaction. 20 So this was instructions telling people like Antero, telling companies like Antero when you 21 report your gross receipts, you should be netting out 2.2 the costs of getting the product from the wellhead to 23

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the point of sale.

1 If you look at slide 19, the quidance continues and says, We recognize that due to the 2 3 deregulation of the natural gas industry not all gas is sold today in field line sales transactions. 4 To avoid having your well overvalued for property tax purposes, 5 it is important that you appropriately adjust actual 6 7 gross proceeds of sales to properly reflect the gross 8 receipts you would have received had the sales transaction been a field line point of sale. 10 And then the quidance cites these two diagrams on pages 20 and 21, slides 20 and 21, that 11 12 have been diagrams that have been on the state's website for years and years. 13 14 And so it is Antero's understanding and 15 position that that June 2020 guidance was clarifying existing law. It never said it was changing anything. 16 17 It was citing the diagrams that were on the state's website for years and was saying, look, when you report 18 those gross receipts, you should be netting out your 19 cost for getting the product from the wellhead to the 20 point of sale. 21 2.2 This also corresponds -- if you look at slide 22 -- with what the West Virginia Supreme Court 23 actually said and held in the Steeter versus Consol 24

decision. In that decision the Supreme Court said, look, we're not saying that the way the state does its ad valorem taxes is necessarily illegal. The state has discretion to come up with a formula that represents the true and actual value of the property, but the state exercised that discretion in the June 2020 guidance and by exercising that discretion, it had force of law.

If we turn to slide 23, I mentioned this before. Antero precisely tried to follow that June 2020 guidance. It reported its values in August of 2020 pursuant to that guidance only to have the state reject it down the road.

And that happened with this October 2020 withdrawal, which we have at slide 24, and the bottom of that is really the key. It simply says, After further consideration, it is my determination that the 2021 TY notice was issued without legal authority, was void as ineffective. It is also my determination that it must be withdrawn. The only reason -- the only reason that the state gave for withdrawing that was that the June 2020 guidance hadn't gone through notice and comment rule making.

But it is critical to note that the

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1 state's position prior to the June 2020 guidance never went through notice and comment rule making. 2 It was a litigation decision. The state simply said in 3 4 litigation that we're not allowing you to deduct these 5 expenses getting your product from the wellhead to the point of sale, and it did so by interpreting the 6 definition of operating expenses, a below-the-line 7 deduction if you will. And, again, the Supreme Court 8 in Consol says that interpretation is within the 9 10 state's discretion.

But that was never anything that went through a notice and comment ruling. It was never anything that was formally issued as a rule. It was simply a litigating decision. So then taking the view that this June 2020 guidance that then interprets the term gross receipts, which is an above-the-line term, and saying gross receipts should be calculated by netting out these expenses. There's simply no basis to say that that had to go through notice and comment rule making. Other than that distinction and references to the Consol decision, there's simply no justification for this October 2020 withdrawal, and we believe it is illegally and ultra vires.

Take a look if you would at slide 25.

1 Here we talk about the importance of the June 2020 guidance saying that if you didn't net out these 2 3 expenses you are really going to be overvalued. there's no substantive analysis in the October 2020 4 5 withdrawal for why suddenly your wells won't be 6 overvalued if we withdraw the quidance. 7 The guidance made it very clear that they 8 were going to be overvalued if these expenses weren't subtracted. And there's no reversal or explanation 9 10 that somehow that was wrong as a matter of fact or a matter of policy. And that is the definition we believe 11 12 of arbitrary and capricious action under the West 13 Virginia Administrative Procedures Act. 14 We believe the withdrawal actually confirms the position. And let me make it very clear. 15 16 Antero relied heavily on this June 2020 quidance. Ιt 17 submitted its volume. It did its budgeting. 18 planned for this tax year based on the understanding 19 that it would be able to net out those expenses, and it 20 also engaged in the litigation strategy with prior tax 21 years based on that quidance. So Antero relied 2.2 entirely on that guidance only to have, if you will, 23 the rug pulled out from under it with this October 2020 withdrawal that itself didn't meet the criteria that 24

1 the state says something like that would need to meet. 2 All right. We already talked about the 3 Steeter versus Consol decision and how this is 4 consistent with that because, again, the Steeter versus Consol addressed the operating expense definition and 5 6 the state's discretion to determine whether something is an operating expense. This June 2020 guidance 7 clarified that the term gross receipts should have from 8 9 it netted out the expenses getting from the wellhead to 10 the point of sale, which is a different term. It's an 11 above-the-line deduction, if you will, versus a below-the-line deduction. 12 13 I want to just point out slide 27 for a 14 minute. At the bottom of that slide, we have a bullet 15 that is a very important quotation. It says, It is 16 black letter law that agencies cannot flip-flop as they 17 please. An agency will not be permitted to flip 18 serendipitously from case to case like a bee buzzing from flower to flower making up its rules and policies 19 20 as it goes along. And that from the West Virginia 21 Supreme Court. 2.2 That is pretty much what the state did It issued the June 2020 guidance, it took a look 23 24 at what Antero was going to be able to deduct and it

1 said, you know what? That's too much. We're going to 2 withdraw this. It did so without any kind of formal 3 process either and did so in a way that completely under mind the reliance interests of Antero and others 5 in the industry who relied on this June 2020 guidance. 6 If you look at slide 28, another quote I 7 will draw the board's attention to is the top from the Motor Vehicle Manufacturers Association. 8 Says, An agency changing its course by rescinding a rule is 9 10 obligated to supply a reasoned analysis for the change meaning that it must examine the relevant data and 11 12 articulate a satisfactory explanation for its action 13 including a rational connection between the facts found 14 and the choice made. 15 But the state didn't do that here. The 16 state simply said there's a legal technicality, so 17 we're going to withdraw it. There is no policy 18 There's no factual analysis. None of the reasons. 19 appropriate administrative law analysis that an agency 2.0 needs to do to change or rescind a rule was followed 21 here. 22 I also want to note that the state 23 claimed the June 2020 quidance was actually a 2.4 substantive change in the law and that's why it had to

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1 go through notice of common rule making. No, it 2 It didn't change any definition in the statute or regulation. It simply clarified what the 3 term "gross receipts" should mean. 4 Just as the state 5 had previously clarified what expenses should mean, which, again, wasn't done through notice and comment 6 7 rule making. 8 Therefore, the June 2020 guidance should 9 be given at least as much deference, probably more 10 deference than the prior litigating position that the 11 West Virginia Supreme Court upheld in Consol versus 12 Steeter. 13 If we turn to slide 30, this slide 14 explains, again, the difference between the operating 15

explains, again, the difference between the operating expense term and the gross receipts term. Operating expenses was looked at in the Consol case, but the June 2020 guidance looks at a different term gross receipts, and the same discretion that the court said the state should have with respect to operating expenses plainly it should also have with respect to gross receipts.

If you look at slide 31, if the state's argument were correct that the June 2020 guidance had to go through notice and comment rule making, then it is absolutely plain that the October withdrawal is

invalid because the October withdrawal didn't go 1 through any of the procedures that the state said is 2 necessary to promulgate a substantive rule. 3 4 certainly the October withdrawal -- it was -- is a far 5 more substantive rule than the June 2020 guidance because it's withdrawing something that people have 6 7 already relied on. 8 The withdrawal wasn't promulgated with 9 the secretary of revenue's written consent. It didn't 10 include comment of rule making. There was no place for 11 public comment. There was no consideration of public 12 comment. And there was no adoption of the withdrawal 13 in the state register. So none of the procedures that 14 the state claims are necessary for things of these type 15 were used for the October withdrawal and, therefore, it 16 is plainly invalid. 17 We're almost finished. On slide 32 here we talk about reliance interests. There was no 18 19 consideration in the October withdrawal or anywhere 20 else by the state of the reliance that Antero and 21 others had placed on that June 2020 guidance, and for 2.2 this reason as well, the October withdrawal is invalid. So slide 33 is the final one. Just to 23 24 sum up here, the state, number one, has been

1 perpetuating a tax regime that impermissibly 2 discriminates against Antero under the Gora Commerce Clause under the equal protection clause. 3 4 constitutionally the way Antero is being taxed is 5 illegal. 6 But, secondly, the June 2020 quidance 7 makes abundantly clear as a matter of administrative law that the tax regime that the state wishes to have 8 9 and claims in the October withdrawal it does have is 10 unfair. It overvalues wells. It overtaxes companies like Antero, and it is illegal. 11 12 So for all of these reasons we believe 13 that the state's methodology is incorrect and that 14 Antero is entitled to a much lower tax burden in 15 Ritchie County for tax year 2021. 16 And I don't know if there are any 17 questions. I'm happy to answer questions. Otherwise 18 we have our witnesses ready to go. 19 MR. ROGERS: I guess comment in regard to 2.0 is that Ritchie County felt the same way as you're saying that Antero felt as far as the rug pulled out 21 22 from underneath from this legality that are the legislature finding that they changed the tax code for 23 24 us, so, therefore, we changed our tax values of what we

1 come to depend on as far as in revenue in Ritchie 2 County. And then turn around the legislature changes that in which most of that change would affect the 3 4 local counties, not actually the State of West 5 Virginia. So they were taking money from us, not 6 themselves. So it was easy for them to make that 7 legislature change. 8 We felt the same way as far as the ruq being pulled out from underneath us. You know, of 9 10 course, the legality is that's typically is what lawyers do. They look for those little, legal things 11 that -- to get somebody out of a case or to change 12 something. That's the only two comments that I have to 13 14 make, so we'll move on. 15 MR. WORDEN: If you have \$1,000 value of 16 gas at the wellhead, what is the value at the end point 17 of the sale? MR. ROSENBERG: 18 The value end or --19 MR. WORDEN: By the time you deduct all the expenses on that \$1,000 of wellhead gas, what is 2.0 the value at the point that it would -- you're wanting 21 2.2 it to be taxed? 2.3 MR. ROSENBERG: What we are saying is if 24 it was \$1,000 value at the wellhead, it should be taxed

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1 on that \$1,000, and if Antero spends another \$1,000 getting it to the point of sale, it shouldn't be taxed 2 on \$2,000. It should be taxed on \$1,000. That's what 3 4 they're saying. 5 It's pretty -- so whatever the expense is that should be, you know, deducted so that it's taxed 6 on what its actual value would be at the wellhead. 7 that may be a slight oversimplification because we're 8 not trying to say that the value that -- if it actually 9 10 sold locally what would the value be. It's if it were able to sell that gas to the customer we're selling to, 11 12 which might be at a higher price, how should it be 13 taxed. 14 So if -- let's say you had gas and they 15 sold at the wellhead to a local purchaser that would be \$1,000, but somebody in Texas is willing to pay \$1,500, 16 17 but to get the gas to Texas you have an extra \$1,000 in I think what Antero is saying is it would be 18 expenses. 19 taxable to \$1,500, not the \$2,500. And the way it 20 works now is it's basically taxed on the \$2,500. It's 21 taxed on whatever it sells for including all of the 22 incurred expenses that lead up to that sale.

that's not the way local West Virginia sellers are

And they believe that's unfair because

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    taxed.
            And, in fact, even competitors that sell
    somewhat out of state are not necessarily taxed that
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    way, but Antero is taxed that way.
                  And so its position is that that's
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 5
    unfair.
             It's an inflated tax burden.
                                           Again, when you
 6
    look at the numbers compared to its competitors,
 7
    particularly its primarily in-state competitors, it's
 8
    just paying a way, way higher tax burden.
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                  MR. BOGGS:
                              Talking about unfair, I hear
    it all the time is let's say when you approach the
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    landowner on drilling on their property, you-all try to
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    pay them after the fact instead of at the wellhead
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    unless they really know what they're doing and they
    talk you into paying them at the wellhead. So is that
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                 This guy down here don't know what -- you
    being fair?
16
    know, that he can get paid at the wellhead.
17
   person does.
                  Fairness versus unfairness.
                                               How come
    we're not being fair with every landowner and paying
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19
    every one of them at the wellhead?
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                  MR. ROSENBERG: well, I will probably
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    defer that question to Mr. Ellis, but I will just say
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    that I think the way royalties are paid it's a
    different kind of formula. It's a different analysis.
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                  MR. BOGGS: Right. What I'm saying is
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1	being fair, you know, this man gets paid different and
2	it should be the same set of rules when you go in and
3	sign somebody up, you know, to purchase their gas, it
4	ought to be either you-all buy it at the wellhead or
5	you buy it after the fact.
6	MR. ROSENBERG: Right. I think the
7	difference there is to some extent is those are all
8	based on individual contracts. Like royalties are
9	contracts between, you know, the people who own the
10	royalties and the royalty payer. What we're talking
11	about here isn't a contract. We're
12	[CROSSTALK]
13	MR. ROSENBERG: I hear what you're
14	saying. But, again, Mr. Ellis may be able to address
15	that a little more completely than I can, but I think
16	here what we're talking about is the legal regime.
17	MR. WORDEN: No other questions.
18	MR. ROSENBERG: Okay.
19	MR. WORDEN: Go ahead with your
20	presentation, though.
21	MR. ROSENBERG: I would call Kevin Ellis.
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1	KEVIN ELLIS
2	was called as a witness having been first duly sworn,
3	testified as follows:
4	DIRECT EXAMINATION
5	BY MR. ROSENBERG:
6	Q. Mr. Ellis, could you please introduce yourself
7	to the tribunal?
8	A. Yes, my name is Kevin Ellis. I'm a regional
9	vice-president for Antero. I work in the Bridgeport
10	office. 20-year resident of Morgantown. Graduated
11	from West Virginia University College of Law and, in
12	fact, some of you may know this. I at one time worked
13	of course here in Ellenboro, Ritchie County, for awhile
14	worked at Caltrell and again also with Antero back in
15	those times as well.
16	Q. Okay. What is Antero and what does it do?
17	A. So Antero Resources is a company that
18	explores, develops and produces natural gas, natural
19	gas that includes oil, in the Appalachian basin, so
20	West Virginia and Ohio.
21	Q. Why is Antero here requesting relief from the
22	board?
23	A. So there's really a couple of reasons. One,
24	although Antero makes up usually the largest amount of

- 1 production for a particular county we're working, particularly in Ritchie County and Doddridge, and, 2 3 again, we pay our tax on the amount of production we 4 The problem is that our tax burden has been 5 calculated in a way that results in an unconstitutional and unfair treatment of us relative to our peer 6 7 companies for the same molecules that come out of the same ground in the same county. 8 9 So, therefore, we're treated differently than our peers simply because we engage in interstate 10 11 commerce in order to seek out a better return on the 12 price that we receive for the production that we make.
 - Q. Give you one of the binders.
 - A. Thank you.

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- Q. I want to talk about a couple of the slides in here. Why don't you start with slide 3. My question is: What, if anything, does Antero contribute to Ritchie County?
- A. So we kept just a little bit of data for us to talk about today. For the past three years between 2018 to 2020, see there, royalties contributing to the wells that we drilled in Ritchie County have created about 258 million, almost 260 million in royalty total. So all of the well production for Antero. And then for

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the mineral owners, people who have, you know, zip codes in Ritchie County, right, have received \$63 million of that royalty. So a pretty good ratio of local people getting paid for those royalties from the local wells.

Property tax-wise just as a summary, we've contributed about \$23 and a half million in the last three years in ad valorem property taxes just to Ritchie County. And then we'll talk about roads and roads oftentimes -- you know, when I talk about them, I'm thinking about widening. I'm thinking about improvements. I'm thinking about maintenance, snow removal, those kind of things; and that's all the secondary roads because we don't have the right to go do work on 74, for example, unless the state tells us we can.

And so just in the last three years
Ritchie County has put about 4 million -- in a bigger
picture since 2013, we spent over \$200 million on road
upgrades and improvements. Now, I concede that we do
that because we need to makes roads bigger or wider so
we can get our heavy haul equipment up there to set the
rig up or to do sand delivery, so we understand that,
but what we try to do and hopefully do this is we try

to leave it better than the way we found it.

So there's always those impacts that happen, right, during the time we try to set a rig or frack wells, but what we hope to do is when we leave it, it's a much better road than ever existed before so that everybody has the benefit of having usage of that road. Were we successful? Sometimes. We understand how that works, but we try to make it better than the way we found it.

In the bigger context, Antero Resources paid about \$105 million in 2020 in severance tax and property tax, sales tax, et cetera, to the state, corporate income tax, debt income tax. So among the largest of taxpayers in the State of West Virginia.

- Q. If you turn to slide 4, maybe you can just talk for a minute about Antero's community partnership with Ritchie County.
- A. Yeah, I won't go through each of these projects. What we just wanted to be able to do is say we have historically -- I've been responsible for trying to help our people get out there and do these volunteer projects. Have the contributions that are made by our charitable foundation from the company. We want to be -- we should be a good supporting community.

We've got people who live here. People who work and whose kids go to school here. We want to be here.

These are just some examples of some of

These are just some examples of some of those things we try to engage in on an annual basis. We just went back and did -- 2020 was a difficult year because of COVID. We weren't able to get out there and do some of the things we ordinarily do. We did have a team come do some work there at the gym in Ellenboro in 2021.

- Q. If you could turn to slide 9 maybe for us.
- 11 A. (Deponent complies.)

- Q. This is the chart that shows Antero's product and where it goes. Maybe you could just briefly describe that.
- A. So Antero Resources sells its gas that's produced in West Virginia to meet the growing energy needs across the U.S. and really internationally. So our buyers, if you will, of product that we produce range across the globe. For example, in the United States we sell to buyers in places like Texas and Indiana, Alabama, Pennsylvania, Ohio, Virginia; and then we also sell -- deliver a lot of our natural gas as feed stock for L&G Exports to support the energy demand needs in, for example, Europe and in Asia. So

we do that -- and the gulf coast as you can see from some of the arrows and also some deliveries to Cove Point in Maryland.

- Q. Okay. Take a look at slide 10. That shows some of the expenses. If you could just briefly describe those.
- A. So what this diagram depicts is kind of the value chain for our product from the ground all the way to an end user. As you can see from the wellhead, you've got a couple things going on. One is you have low and high-pressure gathering. Low-pressure gathering being kind of dependent on the end side of the compressor station. High pressure will be on the discharge side.

You then have processing charges to get the gas and pipeline specifications to be able to transport it across state lines and interstate commerce through the interstate pipelines.

From that point you also have what we transportation costs, firm transportation. So, in other words, we subscribe to and pay demand fees to be able to move our gas on pipelines that are owned by third parties. Usually interstate pipeline operators. The gas is then transported ultimately to the end users

- where the prior diagram shows those places could be the midwest, could be the gulf coast, east coast, et cetera.
 - So those costs make up kind of the cost that it takes for us to move gas from the wellhead to the an end point of sale.
 - Q. Are these expenses deductible under the state's current position?
 - A. No, they are not.

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- Q. Okay. Take a look at slide 11. This is something that Ms. Burg prepared. I just want to ask you. How significant are the expenses that Antero incurs in getting its gas from the well to the point of sale?
 - A. They're very significant.
 - Q. Okay. And if you take a look at slide 12, this compares Antero's burden to its competitors. What does that mean to you?
 - A. Well, what that means to me is that on kind of a per unit basis of production, an MCF, that we're paying -- we're being assessed and, therefore, paying a rate of tax on the obligation which is higher than our peer companies for the same unit of production. For the same unit of production.

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- 0. And perhaps referring to slide 13, maybe you can explain this document a little bit? I know it's a little hard to read, but --Α. It's a little hard to read.
 - What is this describing? Ο.
- What we tried to do is try to -- the prior graph we just looked at kind of shows what we refer as the tax assessment multiple, and I think our other consultant witness will be talking about what that really means. What this graphic is intended to capture is the disparity in the way in which our assessments have been arrived at because of the disallowance of our cost and how there's really no other reason other than discrimination against Antero because of this interstate commerce business.

These two wells were completed in the same -- drilled in the same year, completed in the same year, began initial production in the same year. Although production volume varies a little bit, that's not really important here, but what you can see is the length of the well boar is approximately the same. date of production -- the initial production approximately the same, the date it was first completed approximately the same, and then the distance from each

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- other is less than a mile, so 3,740 feet approximately.
 Yet those two wells based on, of course, the public
 data that's out there for property taxes reflect that
 our well production on a per unit basis was taxed at a
 much higher rate than the production that came from
 - Q. Okay. Let me ask you this question. Besides ad valorem tax, what other revenue-based taxes does
 Antero pay to West Virginia?

this well that's literally right beside our well.

- A. So obviously we pay our part of the severance tax to the state. We pay, again, property taxes in a number of counties: Harrison County, Doddridge County, Tyler County, Ritchie County, Wetzel and Monongalia.

 We also pay corporate income tax and also sales tax.
- Q. Does Antero pay revenue-based taxes in other states as well?
- A. Yes. The other revenue-based tax that we pay, for example, is a revenue tax on gross receipts in Texas. So when we deliver our product to a buyer in Texas, we are assessed a portion amount of those relates and we have to pay a gross receipts tax in Texas. Pay gross receipts tax here as well, so that's the issue.
 - Q. Does Antero believe it's been overcharged for

its ad valorem tax for tax year 2021 in Ritchie County?

A. Yes, we do.

- Q. About how much does Antero believe it's been overcharged?
- A. We believe that as a result of the erroneous valuation that our tax liability is over by \$4.6 million for tax year 2021.
- Q. If Antero didn't have to pay that \$4.6 million, how would it use that money?
- A. Well, we use all of the monies in funds that we generate in our business as well as the taxes that we feel we've overpaid in supporting our employees through salary compensation, retaining and recruiting new employees, which is even more of a challenge these days with respect to the pandemic; continue to make investments in our business looking for new business opportunities that would create more value for our employees and our stakeholders, and we also use those dollars -- would use those dollars for continued efforts to support local charitable causes that we've always tried to be supportive of.
- Q. Is there anything else you want to tell the commission?
- A. We ask the commission for a fair review of our

1 request today. We hope that the information we 2 provided demonstrates that we're being treated 3 differently. The principle issue we're being treated differently that doesn't meet constitutional standards 4 5 and that just can't be fair as a taxpayer. 6 Okay. Thank you. Does the --7 CROSS-EXAMINATION BY MR. MUDRINICH: 8 9 You mentioned you overpaid \$4.6 million; correct? 10 11 We think that our tax liability for tax year 12 '21 will be over 4.6 million. 13 Out of what was the total tax liability? I believe it was a little north -- the state 14 Α. 15 determined to be north of 8. 16 So approximately 50-percent reduction? Ο. 17 Α. Approximately, yes. 18 MR. MUDRINICH: Okay. That's all I have. 19 Thank you, Kevin. 20 EXAMINATION 21 BY MR. ROGERS: 22 We want to thank Antero as far as roads. I drove on several of the roads that Antero has come 23 2.4 back -- after they're pretty well done come back in and

- blacktopped them and made them a lot better than they
 used to be they. You know, I've seen that happen and
 they do a good job of it.

 The question I have is that does the
 - The question I have is that does the majority of the people who are selling their gas -- selling their gas to like Marquest or which you guys probably -- or most of your guys' gas goes to the Marquest plant before it gets transported to other facilities; right?
 - A. Well, we don't sell gas to Marquest.
- 11 | Q. Okay.

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- A. Or NPLS now is the name. We don't sell gas to them. they are -- we have contractual arrangements with them to process our gas. We sell our gas to end users in places beyond the borders of West Virginia.
- Q. Of course, you guys own a portion of that facility, too, don't you?
- 18 A. No, we do not.
- 19 Q. Okay.
- A. We have a partnership with Marquest on the processing side of gas, but we don't own the facility.

 We don't operate it. We have --
- Q. -- don't operate it, but I heard at one point that you guys invested into that facility.

1 Α. Uh-huh. 2 To a certain degree on some of the expansions. Ο. 3 You run your gas through them; you just don't sell to them? 4 Α. That's correct. Do you know if any other users do sell theirs 6 7 to them and then they turn around and sell it to the end user? 8 9 Α. I don't believe there's any other gas going 10 through the Sherwood plant other than ours. It's all our gas. We -- it's -- just for your knowledge, 11 12 Sherwood is actually the largest rescue gas plant in 13 North America, so more gas is -- and it's all ours that 14 goes through that plant than anywhere else in North 15 America. 16 Ο. Okay. 17 Α. To my knowledge there's third-party gas 18 through there. It's all ours. 19 Okay. Ο. 20 RECROSS EXAMINATION 21 BY MR. MUDRINICH: 22 Ο. Slide 9, turn your attention to slide 9. 23 Α. (Deponent complies.) 24 THE COURT: Before you begin.

1	(A discussion was had off the record
2	after which the proceedings continued as follows:)
3	BY MR. MUDRINICH:
4	Q. Mr. Ellis, slide 9, this shows what you say
5	where you sell. How much does the what you're
6	claiming is sold out of state what amount is that in
7	comparison to what is sold outside of the Sherwood
8	facility? Because I've done this for several years and
9	numerous contracts were introduced and it showed
10	possession of the gas to the purchaser. They assumed
11	responsibility for at the Sherwood facility when it
12	came out through the gas. Is that not no longer the
13	business model?
14	A. I can't speak to what you've seen before.
15	Q. That's not the business model? You don't sell
16	anything to the Sherwood facility?
17	A. We don't sell anything to Marquest slash NPLS.
18	Q. Isn't there a what is the interstate
19	pipeline relationship to Sherwood facility?
20	A. There were a couple of FERC-regulated lines
21	that we get them out of Sherwood, so I don't know if
22	all of them ET Rover will be there.
23	Q. If Antero were another purchaser or another
24	producer, excuse me, sold outside the Sherwood facility

- or sold right at the point that it hit these FERCregulated pipelines, that sale would occur in West Virginia, would it not?
 - A. I think it would depend on where the title transfer, yes.
 - Q. Assume the title transferred there, it would be sold in West Virginia, but that doesn't mean there will be an end user of that in West Virginia. Once it hits that interstate pipeline, it's metered to know how much came in and where it goes and who get paid for it, what company gets paid for it and what amount?
 - A. I may need you to rephrase the question. There's a couple in there that I didn't understand.
 - Q. Once it's sold at the point of entry into the interstate pipeline, would the purchaser -- the purchaser would be the one who's assuming the cost to get it to them?
 - A. I don't know what the purchaser is assuming relative to their cost. Our cost would be what it takes to get it from the wellhead to the point where title custody of the gas changes hands and that's what we're talking about today.
 - Q. So we no longer have title changing hands at Sherwood facility?

- 1 A. I can't speak about anything in the past.
- Q. And the term firm transportation that you used, best of my recollection that's the first time
- 4 I've heard that term with respect to the Antero wells.
- 5 | Would you explain what that is?
- A. Yes, firm transportation is transportation rights -- priority rights you would buy on a pipeline,
- 8 space on a pipeline to ensure you could move your
- 9 product.
- 10 Q. That would be on a FERC-regulated pipeline?
- 11 A. Yes.
- 12 Q. Could a purchaser who wants to pay title of it
- 13 | in West Virginia also pay firm transportation to the
- 14 pipeline?
- 15 A. They could, yes.
- Q. Okay. Let's go to slide 12.
- A. (Deponent complies.)
- Q. This is the comparison that was made and
- 19 briefly explain what this is again for the --
- 20 A. I will. My understanding and I will defer to
- 21 Ms. Burg may be providing you other explanation --
- Q. That's right. She created this. I'll pass on
- 23 that. I'll ask her those questions.
- 24 A. Thank you.

- 1 Ο. Slide 13. You have the -- of course, you don't know what EQT's costs were that are -- what their 2 3 gross proceeds were for this gas production in 2019 for You don't know how much they sold those MCFs EOT well? for, how many they received in gross proceeds? 5 6 No, we do not. We only see the assessed 7 value. So they may have sold it for less than Antero 8 9 sells their product? 10 Α. I don't know what they sold it for. 11 Ο. And we also don't know -- the yield cap model 12 used by the state takes into account previous year's 13 production. To come up with a current year's value, it's not going to be solely dependent on the production 14 15 from 2019. You look at a three-year average, you look at the decline rates, a lot of other things to come up 16 with that value, so that has not been examined? 17 18 Α. We haven't examined any of EQT's internal submissions to the state. 19 20
 - Q. And obviously EQT does not get their -- if it's wet gas -- what I like to term as wet gas, it's not being processed by the same people processing your wet gas I would assume.

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A. I don't know who is processing their gas.

1 It's not Marquest? Q. It's not Sherwood. 2 Α. 3 So they would have to have a large gathering Ο. line go somewhere else to get processed, EQT? 4 Hypothetical, that's true, yes. 5 6 MR. MUDRINICH: No further questions. 7 MR. WORDEN: Do you have questions for the witness? 8 9 MR. ROSENBERG: Could I do about 30 seconds in redirect? 10 11 MR. WORDEN: Yes, sir. 12 RE-DIRECT EXAMINATION 13 BY MR. ROSENBERG: On this slide 13, do you have any reason to 14 15 think that the EQT gas would be significantly different 16 in terms of BTU content that the Antero gas? 17 Α. No. 18 Okay. And just to be clear, the expenses you're talking about today are expenses that Antero 19 20 incurred in getting its product from the wellhead to 21 the point of sale; is that correct? 22 Α. Yes. 23 MR. ROSENBERG: Okay. No further 24 questions.

1 MR. WORDEN: Thank you. (A discussion was had off the record 2 3 after which the proceedings continued as follows:) 4 MR. ROSENBERG: I call the next witness, 5 Elizabeth Burg. ELIZABETH BURG 6 7 was called as a witness having been first duly sworn, testified as follows: 8 9 EXAMINATION 10 BY MR. ROSENBERG: 11 Mrs. Burg, could you please introduce yourself 12 to the tribunal? My name is Elizabeth Burq. I'm the director 13 14 at Altus Group. We do property tax consulting for 15 various industries including oil and gas. worked in the oil and gas industry for approximately 17 16 17 years, and I'm currently the tax co-chair for the West 18 Virginia Industry Trade Organization. 19 Ο. What's your educational background? 20 Α. I have a bachelor's degree in accounting. 2.1 And do you have any certifications? Ο. 22 Α. I am a CPA. 23 Okay. What analysis did you do for Antero that we're talking about today? 24

1 Altus Group is Antero's property tax adviser. Α. 2 We prepare the producer/operator return for the wells. 3 We consult and estimate on their property taxes for 4 their wells for tax year '21. We analyze the property 5 tax based on the return that was filed. We analyze the property taxes assessments received by the state tax 6 7 department, and we computed the appeal values for 8 purposes of Antero's appeal for tax year '21. 9 And what did Ritchie County and the tax Okay. commissioner believe Antero owes in taxes to Ritchie 10 11 County for tax year 2021? 12 Antero has paid approximately 8.9 million 13 About half of that they paid the first half this September and the second half will be March. 14 And what doe Antero contend that it 15 Okay. actually does owe for tax year 2021? 16 17 Α. Antero contends it owes 4.3 million. 18 So what is the amount in controversy then? Ο. 19 Α. The amount in controversy for tax year '21 is 4.6 million. 20 2.1 And how did you calculate what Antero should 22 actually owe Ritchie County for tax year 2021? We started with the discounted cash flow model 23 Α.

that's published on the state's website and we adjusted

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- Antero's gross receipts to reflect that field line
 point of sale comparable to peers selling in the State
 of West Virginia. We then applied the working interest
 percent to those adjusted receipts to run through the
 discounted cash flow model. No other inputs were
 changed in the state's model. The decline rate and the
 capitalization rate remained same.
 - Q. Did the state provide any guidance suggesting the methodology used?
 - A. Yes, the June 2020 guidance that the state published indicated that when there isn't a sale of gas in the State of West Virginia the gross receipts should be adjusted to reflect the field line sale.
 - Q. So did you actually follow that guidance in submitting values to the state?
 - A. Yes, for the tax year '21 the field values, we adjusted the gross receipts to reflect the field line sales.
 - Q. When did you submit those values?
 - A. We submitted them with the return August, and the state tax department then -- when we received the values back they disallowed those -- the submission and the return according to that and that's why we're here today.

- Q. I want to talk about a few of these slides.

 If we take a look at slide 11, this is tab 2 of the

 binder, slide 11. Did you prepare this slide?
- A. Yeah, we took Antero's data and then compiled it and summarized it on this slide.
 - Q. Okay. What does the slide show?
 - A. So it's representing all of the costs that are incurred after the gas is extracted at the wellhead. So the first gallon of compression followed by processing and transportation. And then for the entire State of West Virginia for 2019, which is the basis -- part of the basis of the tax year '21 values, Antero had incurred 1.5 billion or on average 1.6 million per

well in West Virginia. And then Ritchie County, those

total costs were 330 million or 2.1 million per well.

- Q. It looks like from the chart that the largest difference between Ritchie County and West Virginia as a whole is the processing expenses are higher and
- 19 | transportation expense are somewhat higher?
- 20 A. That's correct.

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- Q. Okay. If you'd take a look at the next slide, slide 12.
 - A. (Deponent complies.)
- Q. Is this a slide that you also prepared?

1 A. Yes.

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- Q. And if you could describe what this slide shows.
- 4 Α. We pulled the property taxes assessment 5 information from the website for tax year '21 for 6 horizontal Marcellus wells in Ritchie County, and we married that -- the assessment by account to the 7 8 individual well data for production from the West 9 Virginia Department of Environmental Protection for 10 2019. We took by well -- we took the total assessment 11 divided by the total production to come up with a 12 assessment multiple per MCF.

By computing the assessment on this same metric which is production MCF, we are demonstrating how the assessments compare between Antero and their peers in Ritchie County.

- Q. What does that assessment show?
- A. So the charts demonstrated that Antero is being assessed significantly higher than their peers.
 You know, approximately two times greater than their peers.
- Q. Okay. And if you take a look at slide 13, did
 you play some role in the preparation of this?
- 24 A. Yes.

1 Ο. Could you just explain again what this is 2 showing? 3 So we thought we could isolate, you know, a little bit further from the prior slide, you know, two 4 side-by-side wells. Both these wells as Kevin 5 previously indicated, they both were completed in 2016. 6 So, you know, the production period is important when 7 you're talking about the value, the assessment, 8 9 corresponding assessment as well as the total lateral 10 length of which these wells were drilled also play into 11 the total production and, hence, the total assessment. 12 So both of these are very comparable 13 wells in that they started producing in 2016. have approximately a 10,000-foot lateral length. 14 15 However, you know, the production did vary for this EQT's production was 1.5 million MCF and 16 example. 17 Antero was 620,000 MCF but yet EQT's assessment was 1.6 million for this well and the Antero's was 1.9 million. 18 19 So when you comport that into that 20 assessment multiple per MCF, EQT's well was assessed at 21 a multiple of 1.04 and Antero's was assessed at a multiple of 3.1. So even where EQT's well produced 22 23 more this year, they were assessed less for tax year 24 121.

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1 About three times less? 0. 2 Α. Correct. Okay. If you'd take a quick look at slide 14. 3 Q. 4 Α. (Deponent complies.) 5 What was the gross weighted of average Ο. 6 deduction for this tax year that the state allowed? The allowable deduction for expenses 125,000 7 for Marcellus wells. 8 9 And this chart, it shows that at least for all of West Virginia that Antero's average expenses were 10 11 much higher than that? 12 Yeah, previously indicated they're approximately 1.6 million per well in West Virginia. 13 14 And for Ritchie County it's even higher? 0. 15 Α. Correct. 16 I want to turn your attention for just Ο. a minute to Tab 1 of this binder. 17 18 Α. (Deponent complies.) 19 Could you briefly explain what's in Tab 1? 0. 20 So this was the submission of the appeal for Α. 21 Antero for tax year 2021 and the detailed schedules 2.2 that follow the letter were prepared by Altus and it's

summarizing for all of the assessment accounts for the

wells, horizontal wells in Ritchie County for Antero;

1 the state-appraised value is what the state issued; and 2 then the taxpayer value is Antero's -- what they believe the value should have been based on a gross 3 4 receipts basis based on the field line sale on West 5 Virginia, and then the difference is the value in 6 controversy. Okay. If you could turn to tab 4 of this 7 Ο. binder. 8 9 Α. (Deponent complies.) 10 Ο. Which has a three-page chart and then several checks. 11 12 Α. Uh-huh. Could you explain what this exhibit is? 13 Ο. 14 So the summary pages of the data is comparable to the supporting detail for the appeals schedule we 15 just referenced. We did layer in how much tax based on 16 17 each of these accounts for the first half that Antero has actually paid and then the supporting checks behind 18 that. 19 2.0 Okay. All right. Ο. Do you have anything else 21 that you want to add? 22 Α. I do not. 23 MR. ROSENBERG: I have no further

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questions.

1	CROSS-EXAMINATION						
2	BY MR. MUDRINICH:						
3	Q. Just a couple. Slide 12. Can you briefly						
4	explain again what this you view attempts to show?						
5	A. So we're demonstrating we're providing a						
6	common denominator here of all the assessments of the						
7	same type of well in Ritchie County which are Marcellus						
8	horizontal wells. So we compiled all of the						
9	assessments for those wells in Ritchie County for tax						
10	year '21 and we divided each well's assessment by 2019						
11	production to compute an assessment multiple per MCF.						
12	Q. We don't know the price the competitor						
13	actually received per MCF that led to those values;						
14	correct?						
15	A. No.						
16	Q. So Antero may have just been a better						
17	businessman and got more money for their gas than the						
18	competitors?						
19	A. I can't opine to that.						
20	MR. MUDRINICH: I don't have anything						
21	further.						
22	MR. ROSENBERG: I don't have any further						
23	questions.						
24	EXAMINATION						

1 BY MR. ROGERS:

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- Q. Along the same lines the questioning is the cost for Ritchie County. I think it was on Number 11 is the possibility that the cost for Ritchie County compared to West Virginia that Ritchie County wells could be -- are farther than the Sherwood facility and the majority of the other wells or weather which change that number?
- A. So the total West Virginia are those four counties in that total, so Ritchie, Tyler, Doddridge and Harrison. Harrison they do not produce the wet gas, so they don't have as much processing costs. They do have some.
- Q. Right.
- A. So that is going to drive your overall West Virginia value or average down compared to Ritchie County.
 - Q. The gas coming from Doddridge and Tyler and some Ritchie County?
 - A. The wet gas is from those three counties.
 - MR. ROGERS: Okay. That's all I have.
 - MR. WORDEN: Nothing.
- MR. ROSENBERG: No more questions.
- MR. MUDRINICH: I just like to have some

1	housekeeping before we close. A few exhibits.
2	MR. ROSENBERG: Yeah, we'd like to move
3	the four exhibits in the binder into evidence. All
4	move that have been testified to.
5	MR. MUDRINICH: No objection.
6	MR. WORDEN: Certainly.
7	MR. MUDRINICH: The first exhibit I have
8	is the legislative rule that we used as a basis to
9	compute our appraisals.
10	And State Exhibit Number 2 I've got a
11	copy of the applicable tax year 2021 variables
12	authorized by the rule on what the average expenses for
13	Marcellus, what the decline rates are and all that. So
14	I would like these marked
15	MR. ROSENBERG: No objection.
16	MR. MUDRINICH: 1 and 2.
17	(State's Exhibit Nos. 1 and 2 marked.)
18	MR. MUDRINICH: As Exhibit Number 2 the
19	yield cap models that went to all the appraisals.
20	THE COURT REPORTER: Would that be 3?
21	MR. MUDRINICH: 3. Excuse me. 3.
22	MR. ROSENBERG: No objection.
23	(State's Exhibit No. 3 marked.)
24	MR. MUDRINICH: I move those be admitted

1	into the record.
2	MR. ROSENBERG: No objection.
3	MR. WORDEN: So moved.
4	MR. MUDRINICH: I have no other evidence.
5	MR. ROGERS: Did you guys have
6	MR. ROSENBERG: You want to go first?
7	MR. MUDRINICH: You have the burden of
8	proof.
9	MR. ROSENBERG: I'll just very briefly
10	close. I think that the point we're making here today
11	is, again, that Antero has no problem and fully expects
12	to pay its fair share, but what else happened here is
13	something that's unconstitutional and violates
14	administrative law as the June 2020 guidance shows and
15	so that's why we're here. That's why we're protesting
16	this.
17	This is a situation where the state
18	obviously has created the regime and it affects Ritchie
19	County the way it affects Ritchie County, but it's just
20	improper as a matter of law and it really is unfair.
21	Particularly given the other ways in which Antero
22	contributes to Ritchie County while this isn't a
23	significant amount of money, it's a small part of what
24	Antero ultimately contributes to the county.

24

1 Antero fully intends to be a partner with 2 Ritchie County for, you know, the indefinite future and is here simply because this is really something that it 3 believes is illegal, that's unconstitutional and for 4 5 that reason it's also unfair. Thank vou. 6 MR. MUDRINICH: My brief closing will be 7 in conducting those appraisals we complied with the Consol decision giving every well in the horizontal a 8 9 \$125,000 expense deduction which is the average expense 10 deduction approved by the supreme court. This is for 11 Antero and all competitors. So we believe we 12 constitutionally applied our rule and the various authorized rules. 13 14 Now there's other constitutional 15 arguments being made here today regarding the important 16 notice or letters or the subsequent revocation. 17 There's parallel litigation going on in the business 18 court regarding what is the legal affect of these letters and the constitutional ramifications. 19 20 been of the opinion that the board assessment appeals 2.1 although they are very knowledgeable, very good 22 deciders of the issue, have no ability to rule on the

constitutionality of statutes, rules, et cetera.

vests with the circuit courts and the supreme courts.

That

1	So I'll let our attorneys at the AG's						
2	office who will be arguing this case on appeal deal						
3	with all the constitutional questions they brought						
4	forth today. With that I have nothing further.						
5	MR. ROSENBERG: Could I respond for just						
6	a sec?						
7	To be clear, the current litigation in						
8	the business Court is not about tax year 2021. It's						
9	about different tax years, and I don't think that that						
10	whatever business court rules on those matters will						
11	necessarily affect tax year 2021.						
12	But the second point is with respect I						
13	believe this board does have the authority to rule on						
14	the constitutional and administrative law matters and						
15	we urge the tribunal here to do that. While it's						
16	certainly true that these issues will likely be						
17	addressed on appeal as well, we believe it's within						
18	your authority to rule on this issues.						
19	And given the presentations here today, I						
20	think you are fully capable and have the evidence and						
21	materials in front of you to make such a ruling. Thank						
22	you.						
23	(Off-the-record discussion.)						
24	MR. ROGERS: I'll make a motion that we						

1	deny Antero's request for a re-evaluation and confirm
2	the State of West Virginia's assessment.
3	MR. BOGGS: I second that motion.
4	MR. WORDEN: We have a motion and second
5	on the floor to deny Antero Resources' request and
6	confirm the West Virginia state tax assessment. All
7	those in favor say aye. All those opposed? Motion
8	passed. Now we are adjourned.
9	(Concluded at 11:18 a.m.)
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1 STATE OF WEST VIRGINIA, 2 COUNTY OF WOOD, to wit; 3 4 I, Teresa Reedy, a Notary Public within and for the County and State aforesaid, duly commissioned 5 and qualified, do hereby certify that the foregoing proceeding was duly taken by me and before me at the time and place and for the purpose specified in the 6 caption hereof. 7 I further certify that the attached transcript 8 meets the requirements set forth within Article 27, Chapter 47 of the West Virginia Code to the best of my 9 ability. 10 I do further certify that the said deposition was correctly taken by me in shorthand notes, and that 11 the same were accurately written out in full and reduced to typewriting and that the witness did request to read her transcript. 12 13 I further certify that I am neither attorney or counsel for, nor related to or employed by, any of 14 the parties to the action in which this deposition is taken, and further that I am not a relative or employee 15 of any attorney or counsel employed by the parties or financially interested in the action and that the 16 attached transcript meets the requirements set forth within article twenty-seven, chapter forty-seven of the 17 West Virginia Code. 18 commission expires March 13, 2023. Given unďekr hand th/s, 18th day of October, 2021. 19 OFFICIAL SEAL - NOTARY PUBLIC State of West Virginia TERI L. NOCE-REEDY 20 Teresa L. Reedy, RPR 21 22 23 24

HEARING 10/14/2021 Index: \$1,000..Altus

	10:15 5:6	2021 7:24 17:18		act 5:14 7:20 8:14
Exhibits	10:30 5:6	24:15 33:9 38:1,7 48:11,16,22 53:21	5	19:13
Exhibit 1 4:3	10:45 5:7	57:11	50-percent 39:16	action 19:12 21:12
Exhibit 2 4:4 6:8,	11 12:1,4 35:10	21 16:11 39:12	500,000 12:20	activities 9:10
19 57:10,18	50:2,3 56:3	48:4,8,19 49:16 50:12 51:5 52:24	,	actual 16:6 17:5 26:7
Exhibit 3 4:5 57:23	12 12:16 35:16 44:16 50:22 55:3	55:10	6	ad 6:24 10:14 17:3
Binder Tab 1 4:8	125,000 12:14	22 16:23	6 9:13	31:8 37:8 38:1
Binder Tab 2 4:9	13:15 53:7	23 17:9	620,000 52:17	add 54:21
Binder Tab 3 4:10	13 12:24 36:1 45:1	24 17:15		additional 5:10
Binder Tab 4 4:11	46:14 51:22	25 18:24	7	9:8
	14 13:12 53:3	258 30:23	7	address 28:14
\$	15 13:21	260 30:23	7 9:24	addressed 20:5
\$1,000 25:15,20,24	17 14:22 47:16	27 20:13	74 31:15	adjust 16:6
26:1,3,16,17	18 14:4 15:11	28 21:6	8	adjusted 15:17
\$1,500 26:16,19	19 16:1			48:24 49:4,13,17 administerial 5:14
\$105 32:11	2	3	8 10:14 39:15	
\$2,000 26:3		3 8:18 14:16 15:2,5	8.9 48:12	administrative 7:20 8:14 19:13
\$2,500 26:19,20	2 6:8,19,21 13:16	30:16 57:20,21,23	9	21:19 24:7
\$200 31:19	50:2 57:10,16,17, 18	3,000 13:10	3	admission 5:18,23
\$23 31:7	2.1 12:11 50:15	3,740 37:1	9 11:3 33:10 41:22	admitted 14:7
\$300 8:22	20 13:17 16:11	3.1 52:22	42:4	57:24
\$4.6 38:6,8 39:9	20-year 29:10	3.13 13:5	A	adoption 23:12
\$63 31:2	2013 31:19	30 22:13 46:9		adviser 48:1
	2016 9:15 52:6,13	31 22:21	above-the-line 18:16 20:11	affect 25:3
1	2010 9:13 32:0,13	32 23:17	absolutely 22:24	agencies 20:16
1 53:17,19 57:16,17	2017 9.14 2018 8:21 30:21	33 23:23	absorb 14:17	agency 20:17 21:9,
1.04 13:5 52:21	2019 14:8 45:3,15	330 50:15	abundantly 24:7	ahead 5:1 28:19
1.5 50:13 52:16	50:11 51:10 55:10		accepted 15:7	Alabama 33:21
1.6 12:4 13:15	2020 7:22 8:6,21	4	account 45:12	allowable 53:7
50:13 52:17 53:13	14:23 15:4,6,12 16:15 17:6,11,12,	4 9:5 31:18 32:15	51:7	allowed 12:6 13:18
1.9 52:18	14,22 18:1,15,22	54:7	accounting 6:14	53:6
10 11:14 13:17 34:4	19:1,4,16,23 20:7, 23 21:5,23 22:8,17,	4.3 48:17	47:20	allowing 18:4
10,000-foot 52:14	22 23:5,21 24:6	4.6 39:12 48:20	accounts 53:23 54:17	Altus 6:14 47:14
10:00 5:2	30:21 32:11 33:5 49:10		04.17	48:1 53:22
	+3.10			
	I	1		1

America 41:13,15	applicable 57:11	assumed 42:10	began 36:18	24:14 27:5,8 30:4
amount 8:20 9:2	applied 49:3	assuming 43:16,	begin 5:15 41:24	35:17
13:14,17 14:17 29:24 30:3 37:20	appointment 5:2	18	begins 5:21	Burg 6:14 12:16
42:6 43:11 48:18,	appointments 5:6	attempts 55:4	behalf 5:13	35:11 44:21 47:5 11,13
19	appraisals 57:9,19	attention 10:2	believes 6:21	business 14:2
amounts 13:11	approach 27:10	13:2 21:7 41:22 53:16	below-the-line	36:15 38:11,16
analysis 19:4	appropriately	attorney 5:16	18:7 20:12	42:13,15
21:10,18,19 27:23 47:23	16:6	August 8:9 17:11	benefit 32:6	businessman 55:17
analyze 48:4,5	approximate	49:20	bigger 31:18,21	buy 28:4,5 44:7
Anita 5:19		authority 17:18	32:10	buyer 37:19
annual 33:4	approximately 36:21,23,24 37:1	authorized 57:12	billion 14:16 50:13	buyers 33:18,20
Antero 5:3,13	39:16,17 47:16	average 12:2	binder 6:8,19 15:5 50:3 53:17 54:8	buzzing 20:18
6:13,21 7:3,8,14,23	48:12 51:20 52:14 53:13	13:13 45:15 50:13 53:5,10 56:16	57:3	
8:9,19 9:2,7,19 10:6,13,16,18,23	arbitrary 19:12	57:12	binders 6:5 15:2	С
11:6,11,15,20 12:2,	argument 15:7	avoid 14:10 16:4	30:13	
21 13:4,5,18,22 14:5,10,12,14,20	22:22	awful 11:11	bit 9:17,18 13:20	calculate 48:21
15:7,8,10,21 17:10	arrangements	awhile 29:13	14:19 30:19 36:2, 19 52:4	calculated 18:1
19:16,21 20:24 21:4 23:20 24:2,4,	40:13		black 20:16	call 5:1 28:21 47:
11,14,21 26:1,18	arrived 36:12	В	blacktopped 40:1	
27:3 29:9,14,16,17,	arrows 34:2	bachelor's 47:20	blue 12:21	called 29:2 47:7
21,24 30:17,24 32:10 33:15 35:12	articulate 21:12		boar 36:21	Caltrell 29:14
36:14 37:9,15,24	Asia 33:24	back 5:8 14:8 29:14 33:5 39:24		canceled 5:6
38:3,8 39:22,23 42:23 44:4 45:8	aspect 14:23	49:22	board 5:1 29:22	cap 45:11 57:19
46:16,19 47:23	assessed 35:21	background	board's 21:7	capitalization 49:7
48:10,12,15,17,21 50:12 51:15,18	37:20 45:6 51:19	47:19	BOGGS 27:9,24	
52:17 53:21,24	52:20,21,23	bar 5:19,20,24	borders 40:15	capricious 19:12
54:17 55:16	assessment 12:19 36:8 51:4,7,	based 8:23 14:12	bottom 17:15	capture 36:10
Antero's 9:5 12:17	10,12,13,17 52:8,9,	19:18,21 28:8 37:2 48:5 54:3,4,16	20:14	case 20:18 22:16 25:12
13:9 16:14 32:16 33:12 35:17 48:1,8	11,17,20 53:23	basically 10:20	Bridgeport 29:9	Casey 5:19
49:1 50:4 52:18,21	55:10,11	11:6 14:4 26:20	briefly 33:13 34:5 44:19 53:19 55:3	cash 48:23 49:5
53:10 54:2	assessments 36:11 48:6 51:15	basin 29:19	brought 7:2	
Appalachian 29:19	55:6,9	basis 18:18 33:4	BTU 46:16	certifications 47:21
	Association 21:8	35:20 37:4 50:11,	budgeting 19:17	cetera 32:12 35:0
appeal 48:7,8 53:20	assume 43:6	12 54:4 57:8	_	chain 34:8
appeals 5:2 54:15	45:23	bears 11:20	bullet 10:2 20:14	challenge 38:14
		bee 20:18	burden 12:17	Chanenge 30.14

change 21:10,20,	codes 31:2	compiled 50:4	consultant 36:9	50:7,15 56:12
24 22:2 25:3,7,12 56:7	collapse 10:20	55:8	consulting 47:14	counties 14:9 25:4
changed 24:23,24	College 29:11	completed 36:16, 17,23 52:6	contend 48:15	37:12 56:10,20
49:6	comment 17:23	completely 21:3	contends 48:17	country 11:7
changing 16:16 21:9 43:23	18:2,12,19 22:6,23 23:10,11,12 24:19	28:15	content 46:16	county 6:22,23 7:13 8:20,24 9:9,
charges 34:15	comments 25:13	complies 33:11 41:23 44:17 50:23	context 32:10	11,14 12:8,10 24:15,20 25:2
charitable 9:8	commerce 7:14	53:4,18 54:9	continue 38:15	29:13 30:1,2,8,18,
32:23 38:20	9:23 13:24 14:6 24:2 30:11 34:17	comport 52:19	continued 38:19 42:2 47:3	22 31:2,9,18 32:17 37:12,13 38:1 48:9,
Charleston 5:12	36:15	compression 11:17 50:9	continues 16:2	11,22 50:14,17 51:6,16 53:14,24
chart 11:6 12:3 33:12 50:16 53:9	commission 5:22 38:23,24	compressor	contract 28:11	55:7,9 56:3,4,5,17,
54:10	commissioner	34:13	contracts 28:8,9	19
charts 51:18	48:10	compute 55:11	42:9	couple 7:5 29:23 30:15 34:10 42:20
checks 54:11,18	Commissioners	57:9	contractual 40:13	43:13 55:3
choice 21:14	5:10	computed 48:7	contrary 7:5	court 10:1 14:2
chooses 10:16	common 22:1 55:6	computing 51:13	contribute 30:17	16:23 17:1 18:8 20:21 22:11,18
circulate 6:4	community 9:6,9 32:16,24	concede 31:20	contributed 31:7	41:24 57:20
cites 16:10	companies 15:21	concern 7:2	contributing	Cove 34:2
citing 16:17	24:10 30:7 35:23	confirms 19:15	30:21	COVID 33:6
claimed 21:23	company 29:17	connection 21:13	contributions 8:19 32:22	CPA 47:22
claiming 42:6	32:23 43:11	consent 23:9	controversy	create 38:17
claims 23:14 24:9	comparable 49:2 52:12 54:14	consideration 17:17 23:11,19	48:18,19 54:6	created 30:22
clarified 20:8 22:3,	compare 51:15	consist 6:7	copy 57:11	44:22
5	compared 12:13	consistent 20:4	corporate 32:13 37:14	criteria 19:24
clarifying 16:15	27:6 56:5,16			critical 17:24
clause 7:14,16,21 8:15 9:23 24:3	compares 12:18	Consol 16:24 18:9, 21 20:3,5 22:11,16	Corporation 5:3	CROSS-
	13:2 35:17	constitution	correct 22:22 39:10 41:5 46:21	EXAMINATION 39:7 55:1
clauses 9:22	comparison 12:1, 17 13:8 42:7 44:18	13:23	50:20 53:2,15	crosses 10:4
clear 19:7,15 24:7 46:18	compensation	constitutional 7:7 9:18 10:15 39:4	55:14	CROSSTALK
close 57:1	38:13	·	corresponds 16:22	28:12
cluster 7:19	competitor 55:12	constitutionally 24:4	cost 13:13 16:20	current 35:8 45:13
co-chair 47:17	competitors 7:17	constitutions	35:4 36:13 43:16,	custody 43:21
coast 34:1 35:2	9:20,21 12:18,23 27:1,6,7 35:17	8:16	19 56:3,4	customer 26:11
code 24:23	55:18	consult 48:3	costs 11:17,18 12:2,5,6,7,9 15:23 34:20 35:4 45:2	cut 15:3

10/14/2021 Index: data..expenses

D	demonstrating 51:14 55:5	director 47:13	drilling 27:11	EQT 13:3,4,10
U		disallowance	drive 56:15	45:4,20 46:4,15
data 21:11 30:19	denominator 55:6	36:12	drove 39:23	EQT's 45:2,18 52:16,17,20,22
37:3 50:4 51:8 54:14	department 48:7 49:21 51:9	disallowed 8:11 12:5,7 49:22	due 7:21 8:14 16:2	equal 7:16 13:24
date 36:22,23	depend 25:1 43:4	discharge 34:14	duly 29:2 47:7	24:3
day 9:14 14:16	dependent 34:12 45:14	discounted 48:23	E	equipment 31:2
days 38:15	depicts 34:7	discretion 17:4,6,	1 05 0	estimate 48:3
debt 32:13	deponent 33:11	7 18:10 20:6 22:18	east 35:2	Europe 33:24
decision 17:1 18:3,14,21 20:3	41:23 44:17 50:23 53:4,18 54:9	discriminates 7:13 24:2	easy 25:6 educational 47:19	events 9:10
deck 6:9,20	depot 9:15	discriminating	efficient 6:10	evidence 57:3
decline 45:16 49:6	deregulation 16:3	14:20	efforts 38:20	EXAMINATION
57:13 deduct 10:8 18:4	derived 15:16	discrimination 36:14	Elizabeth 6:14 47:5,13	29:4 39:20 41:20 46:12 47:9 55:24
20:24 25:19	describe 33:14 34:6 51:2	discussing 7:6	Ellenboro 29:13	examine 21:11
deducted 7:12 12:7 26:6	describing 36:5	discussion 9:17 42:1 47:2	33:8	examined 45:17
deductible 13:14	destination 11:5	disparately 14:3	Ellis 6:13 9:4,12 10:17 11:4 13:1	examples 33:3
35:7 deduction 12:13	destinations 11:12	disparity 36:11	27:21 28:14,21 29:6,8 42:4	excuse 42:24 57:21
13:18 18:8 20:11, 12 53:6,7	detail 54:15	disproportionatel y 15:9	emphasis 6:21	exercised 17:6
defer 27:21 44:20	detailed 53:21	distance 36:24	emphasize 8:19	exercising 17:7
deference 22:9,10	determination 17:17,19	distinction 18:20	employees 38:12, 14,18	exhibit 6:8,19 54:13 57:7,10,17
definition 15:13	determine 20:6	diversity 11:5	end 25:16,18 34:9,	18,23
18:7 19:11 20:5 22:2	determined 39:15	divided 51:11	12,24 35:6 40:14 41:8 43:8	exhibits 57:1,3
degree 41:2 47:20	develops 29:18	55:10 document 15:1,2	energy 33:16,23	existed 32:5
deliver 33:22	diagram 34:7 35:1	36:2	engage 30:10 33:4	existing 16:16
37:19	diagrams 16:11,	Doddridge 13:16	engaged 19:20	expansions 41:
deliveries 34:2	12,17	30:2 37:12 56:10, 18	engaging 14:5	expects 7:1
delivery 31:23	difference 22:14 28:7 50:17 54:5	doe 48:15	ensure 44:8	expense 20:5,7 22:15 26:5 50:19
demand 10:24 14:16 33:24 34:21	differently 7:17	dollars 9:8 38:19	entire 50:10	expenses 7:9,1
demonstrated	30:9 39:3,4	draw 21:7	entitled 24:14	8:2 10:7,10,12 11:15,20 13:18
51:18	difficult 33:5	drilled 30:22 36:17	entry 43:14	15:10 18:5,7,18
demonstrates 39:2	direct 10:2 13:1 29:4	52:10	Environmental 51:9	19:3,8,19 20:9 22:5,16,19 25:20

26:18,22 34:5 35:7, felt 24:20,21 25:8 **funds** 38:10 hearing 5:12 grossly 7:4 12 46:18,19 50:18 **FERC-** 43:1 ground 30:8 34:8 hearings 14:8,9 53:7,10 57:12 G FERCheavily 10:3 19:16 group 6:5 47:14 expert 6:15 **REGULATED** 48:1 heavy 31:22 gallon 50:9 explain 36:2 44:5, 42:20 44:10 growing 33:16 19 52:1 53:19 held 16:24 gas 7:8,9 10:6,17, field 15:15 16:4,9 54:13 55:4 quess 24:19 18,19,20,21 11:1,6, High 34:13 49:1,13,16,17 54:4 10,15,22 13:11 explains 22:14 guidance 7:21 8:4, filed 48:5 high-pressure 14:14,18 15:14 8,10,12 14:23 15:1, explanation 19:9 34:11 16:3 25:16,20 final 23:23 4,6,12 16:1,10,15 21:12 44:21 26:11,14,17 28:3 17:7,11,12,22 18:1, higher 10:7 12:8, finding 24:23 29:18,19 33:15,22 explores 29:18 15 19:2,6,7,16,21, 14,22 13:22 14:6 34:16,22,24 35:5, 22 20:7,23 21:5,23 finished 23:17 26:12 27:8 35:22 Exports 33:23 13 40:5,6,7,10,12, 22:8,17,22 23:5,21 37:5 50:18.19 firm 5:11 34:20 14,21 41:3,9,11,12, extent 28:7 24:6 49:8,10,14 51:19 53:11,14 44:2,6,13 13,17 42:10,12 extra 26:17 gulf 34:1 35:2 highlight 6:10 43:21 45:3,21,23, flip 20:17 24 46:15,16 47:15, extracted 50:8 guy 27:15 historically 32:20 flip-flop 20:16 16 49:11 50:8 55:17 56:12.18.20 guys 40:6,16,24 hit 43:1 flood 10:19 F guys' 40:7 hits 43:9 gathering 11:16 flow 48:23 49:5 34:11,12 46:3 gym 33:8 hope 32:4 39:1 facilities 40:9 flower 20:19 gave 17:21 horizontal 51:6 facility 40:17,21,24 folks 7:23 generate 38:11 Н 53:24 55:8 42:8,11,16,19,24 follow 17:10 49:14 43:24 56:6 gentlemen 5:5 housekeeping 53:22 **Hac** 5:18.23 57:1 fact 8:1 14:1,7 aive 6:4 30:13 force 17:8 19:10 27:1,12 28:5 half 31:7 48:13,14 **Hypothetical** 46:5 globe 33:19 29:12 54:17 formal 21:2 good 5:5,10 31:3 facts 21:13 handle 11:2 ı formally 18:13 32:24 40:3 factual 21:18 hands 43:21.23 formula 17:4 27:23 Gora 24:2 illegal 8:7 17:3 fair 6:24 27:15,18 happen 5:14 32:3 found 21:13 32:1,9 24:5,11 Graduated 29:10 28:1 38:24 39:5 40:2 foundation 32:23 illegally 18:23 grant 5:23 Fairness 27:17 happened 17:14 foundational Illinois 11:9 **far-away** 11:12 graph 11:14 36:7 happening 10:6 10:15 impacts 32:2 farther 56:6 graphic 12:24 happy 24:17 frack 32:4 36:10 impermissibly feasible 14:12 hard 36:3,4 fractionation 24:1 greater 51:20 federal 9:18 11:18 Harrison 37:12 importance 19:1 gross 7:11 8:2,3 56:11 feed 33:23 frame 8:8 15:13,16,18,22 **important** 8:8 9:11 haul 31:22 friend 5:16 6:3 16:7,19 18:16,17 feel 38:12 16:6 20:15 36:20 20:8 22:4,15,17,20 hear 27:9 28:13 52:7 fuel 15:19 fees 5:19 34:21 37:18,21,22 45:3,5 heard 40:23 44:4 improvements 49:1,12,17 53:5 feet 13:11 37:1 full 15:2,4 31:12.20 54:3

10/14/2021 Index: in-state..meeting

in-state 10:9,10	33:17		legislative 57:8	31:12
13:23 27:7	interpretation	K	legislature 24:23	majority 40:5 56:7
incident 10:3	18:9	Kevin 6:13 28:21	25:2,7	make 19:15 25:6,
include 23:10 includes 29:19	interpreting 18:6 interprets 18:15	29:8 39:19 52:5	length 36:21 52:10,14	14 30:12 32:8 35:4 38:15
including 21:13 26:21 47:15 income 32:13	interstate 14:6 30:10 34:17,18,23 36:15 42:18 43:9,	key 7:5 17:16 kids 33:2 kind 21:2 27:23 31:13 34:7,12 35:4,	letter 20:16 53:22 level 12:20 14:7 liability 38:6 39:11,	makes 8:19 15:8 24:7 29:24 31:21 making 15:7 17:23 18:2,20 20:19 22:1,
37:14 incorrect 24:13	introduce 5:15	19 36:7	13 lines 10:4 34:17	7,23 23:10
	29:6 47:11	knowledge 41:11,	42:20 56:2	man 28:1
incur 10:10 incurred 12:10	introduced 42:9		literally 37:6	Manufacturers 21:8
26:22 46:20 50:8, 13	invalid 23:1,16,22 invested 40:24	L	litigating 18:14 22:10	Marcellus 51:6 53:8 55:7 57:13
incurs 7:9 11:15 12:2 13:18 15:10	investments 38:16	L&g 33:23 landowner 27:11,	litigation 14:1 18:3,4 19:20	March 48:14
35:13	invoked 14:5	18	live 33:1	marked 57:14,17,
Indiana 33:21	involved 9:2	language 15:12	living 8:23	23 market 10:19,20
individual 28:8 51:8	isolate 52:3	large 46:3	loaded 11:10	markets 14:12
industries 47:15	issue 7:19 37:23 39:3	largest 29:24 32:14 41:12 50:16	local 25:4 26:15,24 31:4,5 38:20	Marquest 40:6,8,
industry 16:3 21:5 47:16,18	issued 7:22 17:18 18:13 20:23 54:1	Larry 5:16 6:3 lateral 52:9,14	locally 26:10	10,20 42:17 46:1 married 51:7
ineffective 17:19	issues 7:19 9:4	law 5:11 7:5 14:1	locations 11:21	Maryland 34:3
inflated 7:4 27:5		16:16 17:8 20:16 21:19,24 24:8	longer 42:12 43:23	matter 19:10,11 24:7
information 13:7 39:1 51:5	J	29:11		
initial 36:18,22	job 40:3	lawyers 25:11	lot 11:10,11 33:22 40:1 45:16	MCF 12:19,20,21 14:16 35:20 51:12,
inputs 49:5	John 5:11	layer 54:16	Louisiana 11:8	14 52:16,17,20 55:11,13
instructions	Johnson 5:12	lead 26:22	low 34:11	MCFS 45:4
15:20 intended 36:10	June 7:22 8:8 14:22 15:4,6,12	leave 32:1,4	Low-pressure 34:11	Meadows 5:9,11 6:2
interest 49:3	16:15 17:6,10,22 18:1,15 19:1,16	legal 7:5 9:17	lower 24:14	meaning 21:11
interesting 12:24	20:7,23 21:5,23	17:18 21:16 25:11 28:16	M	means 13:21 35:19
interests 21:4 23:18 internal 45:18	22:8,16,22 23:5,21 24:6 49:10 justification 18:21	legality 24:22 25:10 legally 13:21	made 19:7 21:14 32:23 40:1 44:18	36:10 meet 19:24 20:1 33:16 39:4
internationally			maintenance	meeting 5:2

mentioned 17:9	MUDRINICH 39:8,	occur 43:2	owes 48:10,17	percent 49:4
39:9	18 41:21 42:3 46:6 55:2,20 56:24 57:5,	occurs 10:4	owned 34:22	period 52:7
met 5:20	7,16,18,21,24	October 8:6 15:4	owners 8:23 14:3	permitted 20:17
metered 43:9	multiple 12:19,22	17:14 18:22 19:4,	31:1	perpetuating 24:1
methodology	13:4,5,9 36:8 51:12	23 22:24 23:1,4,15, 19,22 24:9		person 27:17
24:13 49:9	52:20,21,22 55:11	office 29:10	P	picture 31:19
metric 51:14	N	oftentimes 31:10	pages 16:11 54:14	pictures 9:13
midwest 35:2		Ohio 29:20 33:21	paid 5:19 8:21,23	pieces 15:3
mile 13:3 37:1	natural 15:14 16:3 29:18 33:22	oil 15:14 29:19	27:16,22 28:1 31:4	pipeline 34:16,23
million 8:22 12:4, 11,21 13:15,16		47:15,16	32:11 43:10,11 48:12,13 54:18	42:19 43:9,15 44:7,
30:23 31:3,7,18,19	necessarily 17:3 27:2	opening 9:14	pandemic 38:15	8,10,14
32:11 38:7,9 39:9, 12 48:12,17,20	negative 9:23	operate 40:22,23	parallel 14:1	pipelines 34:18,22
50:13,15 52:16,18	net 8:1 19:2,19	operating 18:7	part 37:10 50:12	43:2
53:13	netted 7:11 20:9	20:5,7 22:14,15,19	parties 34:23	place 23:10
mind 21:4	netting 15:22	operators 34:23	partner 6:22,23 9:9	places 11:8,9 14:15 33:20 35:1
mineral 8:23 31:1	16:19 18:18	opine 55:19	partner 0.22,23 9.9	40:15
minute 20:14	news 5:5	opportunities	32:16 40:20	plain 22:24
32:16 53:17	north 39:14,15	38:17	parts 6:7	plainly 22:19 23:16
minutes 5:4	41:13,14	option 10:24 14:18	pass 44:22	planned 19:18
model 42:13,15 45:11 48:23 49:5,6	Nos 57:17	order 5:2 30:11	past 30:20 44:1	plant 40:8 41:10,
models 57:19	note 17:24 21:22	ordinarily 33:7	pay 26:16 27:12	12,14
molecules 30:7	notice 17:18,22	Organization 47:18	30:3 34:21 37:9,10,	plausible 14:3,18
money 25:5 38:9	18:2,12,19 22:1,6, 23		11,14,15,17,21,22 38:8 44:12,13	play 51:23 52:10
55:17	NPLS 40:12 42:17	overcharged 37:24 38:4	payer 28:10	point 7:10 11:16
monies 38:10	number 9:6,10	overpaid 38:12	paying 6:24 7:3	15:24 16:9,21 18:6 20:10,13 25:16,21
Monongalia 37:13	23:24 37:12 56:3,8	39:9	10:7 12:22 13:9	26:2 34:3,19 35:6,
Morgantown	57:10,18	overseas 11:10	27:8,14,18 35:21	13 40:23 43:1,14, 20 46:21 49:2
29:10	numbers 27:6	oversimplificatio	peer 30:6 35:23	points 7:6
morning 5:10,13,	numerous 42:9	n 26:8	peers 30:10 49:2	policies 20:19
15	0	overtaxes 24:10	51:16,19,21	policy 19:11 21:17
motion 5:23		overtaxing 15:10	Pennsboro 9:14	portion 37:20
Motor 21:8	objection 57:5,15,	overvalued 16:5	Pennsylvania 11:9 33:21	40:16
move 9:16 25:14 34:22 35:5 44:8	22	19:3,6,8	people 15:20 23:6	position 16:15
57:2,4,24	obligated 21:10	overvalues 24:10	28:9 31:1,4 32:21	18:1 19:15 22:10
moved 5:17	obligation 35:22	owe 48:16,22	33:1 40:5 45:22	27:4 35:8
				•

10/14/2021 Index: possession..representing

possession 42:10	47:3	51:4	quotations 10:1	recruiting 38:13
possibility 56:4	proceeds 15:16	proportion 11:21	quote 21:6	redirect 46:10
practicing 5:17	16:7 45:3,5	protection 7:16		reduction 39:16
precisely 17:10	process 7:21 8:15 21:3 40:14	9:21 24:3 51:9	R	refer 36:7
prediction 13:24		provide 49:8	range 33:19	referenced 54:16
preparation 51:23	processed 45:22 46:4	provided 39:2	rate 13:22 35:22	references 18:20
prepare 48:2 50:3	processing 11:17	providing 44:21	37:5 49:6,7	referring 36:1
prepared 35:11	12:9 34:15 40:21 45:22,24 50:10,18	55:5	rates 45:16 57:13	reflect 16:7 37:3
50:24 53:22	56:12	provisions 9:19	ratio 31:3	49:1,13,17
presentation 6:4,	produce 13:11	public 23:11 37:2	rational 21:13	regard 24:19
6 28:20	33:18 56:11	published 48:24 49:11	RE-DIRECT 46:12	regime 24:1,8
presentations 6:18	produced 15:14	pulled 19:23 24:21	read 36:3,4	28:16
pressure 34:13	33:16 52:22	25:9 51:4	ready 24:18	regional 29:8
pretty 6:9 20:22	producer 42:24	purchase 28:3	realistic 10:24	register 23:13
26:5 31:3 39:24	producer/ operator 48:2	purchaser 26:15	14:12	regulated 43:2
previous 10:22	produces 29:18	42:10,23 43:15,16, 18 44:12	reason 14:3 17:20,	regulation 22:3
45:12	producing 52:13	purposes 16:5	21 23:22 36:13 46:14	reject 17:13
previously 22:5 52:6 53:12	product 7:15 11:5	48:8	reasoned 21:10	relates 7:21 37:21
price 26:12 30:12	12:10 15:23 16:20	pursuant 5:18,24	reasons 21:18	relationship 42:19
55:12	18:5 33:12,18 34:8 37:19 44:9 45:9	17:12	24:12 29:23	relative 30:6 43:19
primarily 6:8 7:8,	46:20	put 10:19 13:1 31:18	receipts 7:12 8:2,3	relevant 21:11
15 10:6,9 14:21 27:7	production 8:2	01.10	15:13,18,22 16:8, 19 18:16,17 20:8	reliance 21:4
principle 39:3	12:20 13:6 30:1,3, 12,24 35:20,23,24	Q	22:4,15,17,20	23:18,20
principles 10:15	36:18,19,22 37:4,5		37:18,21,22 49:1,4, 12,17 54:4	relied 19:16,21 21:5 23:7
prior 14:1 18:1	45:3,13,14 51:8,11, 14 52:7,11,15,16	qualifications 5:21	receive 30:12	relief 29:21
19:20 22:10 35:1	55:11	question 27:21	received 15:18	remained 49:7
36:6 52:4	project 11:11	30:16 37:7 40:4	16:8 31:2 45:5 48:6	removal 31:13
priority 44:7	projects 9:11	43:12	49:21 55:13	rephrase 43:12
privilege 14:5	32:19,22	questioning 56:2	recess 5:7	report 5:22 15:22
Pro 5:18,23	promulgate 23:3	questions 24:17 28:17 44:23 46:6,7,	recognize 16:2	16:18
problem 30:4	promulgated 23:8	24 54:24 55:23	recognized 14:2	reported 17:11
problems 6:23	properly 16:7	56:23	recollection 44:3	REPORTER 57:20
procedures 7:20	property 9:2 16:5	quick 53:3	record 42:1 47:2	reporting 8:3
8:14 19:13 23:2,13	17:5 27:11 31:6,8 32:12 37:3,11	quickly 6:9 8:17	recorder 5:4	representing 50:7
proceedings 42:2	47:14 48:1,3,4,6	quotation 20:15	RECROSS 41:20	

10/14/2021 Index: represents..state

			10/14/20211	ndex: representsstat
represents 17:4	22 50:14,17 51:6,	11,13 54:4	show 50:6 51:17	slides 16:11 30:15
request 39:1	16 53:14,24 55:7,9 56:3,4,5,10,16,19	sales 15:15,16,17,	55:4	50:1
requesting 29:21	road 9:3 17:13	19 16:4,7,8 32:12 37:14 49:18	showed 42:9	slight 26:8
require 9:22	31:19 32:5,7	sand 31:23	showing 13:13 52:2	sly 6:20
requires 9:23	roads 31:9,10,14,	satisfactory 21:12	shows 11:6,14	small 13:8
rescind 21:20	21 39:22,23	schedule 54:15	13:8 14:19 33:12	snow 31:12
rescinding 21:9	ROGERS 24:19 39:21 56:1,21	schedules 53:21	34:4 35:1 36:7 42:4 51:3 53:9	sold 10:18 11:10 16:4 26:10,15 42:6,
rescue 41:12	role 51:23	scheme 14:2	side 34:12,14	7,24 43:1,7,14
resident 29:10	Rosenberg 5:16	school 33:2	40:21	45:4,8,10
Resources 5:3,13	6:3,6 25:18,23		side-by-side 52:5	solely 45:14
29:17 32:10 33:15	27:20 28:6,13,18,	secondary 31:14	sign 28:3	sort 13:13
respect 10:13	21 29:5 46:9,13,23 47:4,10 54:23	seconds 46:10	significant 7:9	space 44:8
22:19,20 38:15 44:4	55:22 56:23 57:2, 15,22	secretary 23:9	8:19,20 9:1 11:19,	speak 42:14 44:1
respects 5:20		seek 30:11	20 12:9 14:23 35:12,15	speaking 5:22
responsibility	Rosenberg's 5:16	sell 10:16,21,23 14:15,21 26:11	significantly	specifically 7:23
42:11	Rover 42:22	27:1 33:20,22	46:15 51:19	specifications
responsible 32:20	royalties 8:21,22 27:22 28:8,10	40:10,12,14 41:3,6, 7 42:5,15,17	similar 13:6,11	34:16
result 38:5	30:21 31:4	sellable 15:15	similarly 9:20	spends 26:1
results 30:5	royalty 28:10	sellers 10:9,10	simply 10:18,24	spent 31:19
retaining 38:13	30:23 31:3	13:23 26:24	14:9,10,11 17:16 18:3,14,18,21	stakeholders 38:18
return 30:11 48:2,5	rug 19:23 24:21 25:8	selling 7:15 11:11,	21:16 22:3 30:10	
49:20,23		22 14:11 26:11	sir 46:11	standard 12:13 13:17
revenue 25:1	rule 17:23 18:2,13, 19 21:9,20 22:1,7,	40:5,6 49:2	situated 9:21	standards 39:4
37:18	23 23:3,5,10 57:8, 12	sells 7:8 10:6,21 11:7 15:9 26:21	slash 42:17	start 6:17,20 30:16
revenue's 23:9	·	33:15 45:9	slide 6:9,21 8:18	started 48:23
revenue-based 37:8,15,17	rules 5:18,24 20:19 28:2	September 48:14	9:5,13,16,24 10:14	52:13
reversal 19:9	ruling 18:12	serendipitously 20:18	11:3,13,14,24 12:1, 4,12,16,24 13:12,	state 5:3,17,19,20, 24 7:8,12,15,17,20,
review 38:24	run 41:3 49:4	set 28:2 31:22 32:3	21 14:4,22 15:11 16:1,23 17:9,15	22 8:5,10,11,13
rig 31:23 32:3		severance 32:11	18:24 20:13,14	9:18 10:2,4,5,7,17,
rights 44:7	S	37:10	21:6 22:13,21 23:17,23 30:16	18,21,22,23 11:1, 22 12:5,13 14:7,9,
Ritchie 6:22 7:13	salary 38:13	share 6:24 7:3	32:15 33:10 34:4	19,21 15:6,9 17:2, 3,6,12,21 18:3
8:20,24 9:9,11,14 12:7,10 24:15,20 25:1 29:13 30:2,18, 22 31:2,9,18 32:17 37:13 38:1 48:9,10,	sale 7:10 11:16 15:14,19,24 16:9, 21 18:6 20:10 25:17 26:2,22 35:6, 14 43:2 46:21 49:2,	Sherwood 41:10, 12 42:7,11,16,19, 21,24 43:24 46:2 56:6	35:10,16 36:1 41:22 42:4 44:16 45:1 46:14 50:2,3, 5,6,21,22,24 51:2, 22 52:4 53:3 55:3	20:1,22 21:15,16, 22 22:4,18 23:2,13, 14,20,24 24:8 25:4 27:2 31:15 32:12, 14 34:17 37:11

HEARING 10/14/2021 Index: state's..upgrades

39:14 42:6 45:12,	summarizing	35:22 36:8 37:8,11,	thinking 31:11,12	triple 13:9,10
19 48:6 49:2,8,10, 12,15,21 50:11	53:23	14,17,18,21,22 38:1,6,7 39:11,13	third-party 41:17	true 17:5 46:5
53:6 54:1 57:10	summary 6:20 31:6 54:14	47:14,17 48:1,4,5,	thought 52:3	turn 6:19 8:18 9:5,
state's 16:12,17		6,8,9,11,16,19,22	three-page 54:10	24 17:9 22:13 25:2
18:1,10 20:6 22:21	supplies 11:1	49:16,21 50:12 51:5 52:23 53:6,21		32:15 33:10 41:7,
24:13 35:8 48:24	supply 21:10	54:16 55:9 57:11	three-year 45:15	22 53:16 54:7
49:6 57:17,23	support 33:23	tax-wise 31:6	time 5:10 8:8 25:19 27:10 29:12 32:3	TY 17:18
state-appraised 54:1	38:20		44:3	Tyler 37:13 56:10,
	supported 9:10	taxable 26:19	times 13:17 29:15	18
states 8:15 10:1 11:12 33:20 37:16	supporting 32:24	taxed 10:11 13:9,	51:20 53:1	type 23:14 55:7
	38:12 54:15,18	22 14:6 24:4 25:22, 24 26:2,3,6,13,20,	title 43:4,6,21,23	typically 25:10
station 34:13	supportive 38:21	21 27:1,2,3 37:4	44:12	
statute 22:3	Supreme 10:1	taxes 6:24 7:4 13:4	today 5:22 7:3,24	U
Steeter 16:24 20:3,	16:23 17:1 18:8	14:3 17:3 31:8	16:4 30:20 39:1	
4 22:12	20:21 22:11	37:3,8,11,15 38:11	43:22 46:19 47:24	U.S. 33:17
Steptoe 5:11	sworn 29:2 47:7	48:3,6,10 51:4	49:24	Uh-huh 41:1 54:12
stock 33:23	-	taxing 15:8	told 7:23	ultimately 11:21
strategy 19:20	T	taxpayer 39:5 54:2	top 12:3 21:7	34:24
submission 49:22	tab 15:2,5 50:2	taxpayers 32:14	total 30:23 39:13	ultra 8:7 18:23
53:20	53:17,19 54:7	team 33:8	50:15 51:10,11 52:9,11 56:9,10	unable 10:8
submissions	takes 35:5 43:20	technicality 21:16		unconstitutional
45:19	45:12	technically 5:21	Trade 47:18	30:5
submit 49:19	taking 18:14 25:5	telling 15:20,21	train 9:14	underneath 24:22
submitted 8:9	talk 9:12,19 12:18	tells 31:15	transaction 10:3	25:9
19:17 49:20	13:20 14:24 15:3		15:16,17,19 16:9	understand 6:18
submitting 49:15	19:1 23:18 27:14	term 18:16 20:8,10 22:4,15,17 44:2,4	transactions 16:4	31:23 32:7 43:13
subscribe 34:21	30:15,20 31:9,10 32:16 50:1	45:21	transfer 43:5	understanding 14:19 16:14 19:18
substantive 19:4	talked 20:2	terms 46:16	transferred 43:6	44:20
21:24 23:3,5		testified 29:3 47:8	transport 34:17	unfair 7:3 24:10
subtracted 19:9	talking 7:24 8:22 13:15,16 27:9	57:4	transportation	26:23 27:5,9 30:6
successful 32:7	28:10,16 36:9	testify 9:3 10:17	11:8,18 12:9 34:20	unfairness 27:17
suddenly 19:5	43:22 46:19 47:24	11:4	44:2,6,13 50:10,19	unit 35:20,23,24
•	52:8	testimony 6:15	transported 34:24	37:4
suggested 10:23 14:10	talks 15:12	Texas 11:8 26:16,	40:8	United 8:15 10:1
	tax 7:23,24 9:2,8	17 33:20 37:19,20,	treated 7:17 9:20	33:19
suggesting 49:8	10:3,13,14 12:17 13:5 14:2 15:4 16:5	22	30:9 39:2,3	University 29:11
sum 23:24	19:18,20 24:1,8,14,	things 6:11 10:22	treatment 30:6	upgrades 9:3
summarized 50:5	15,23,24 27:5,8	23:14 25:11 31:13	tribunal 29:7 47:12	31:20
		33:4,7 34:10 45:16	I	I
	30:3,4 32:11,12,13	33.4,7 34.10 43.10		

HEARING 10/14/2021 Index: upheld..zip

upheld 22:11	void 17:19	wet 45:21,23 56:11,	year's 45:12,13
usage 32:6	volume 19:17	20	years 10:22 16:13,
	36:19	Wetzel 37:13	18 19:21 30:20
user 34:9 41:8 43:8	volumes 13:7	widening 31:11	31:8,17 42:8 47:17
users 34:24 40:15			yield 45:11 57:19
41:6	volunteer 32:22	wider 31:21	
		wishes 24:8	you-all 27:11 28:4
V	W	withdraw 8:5,12	
		19:6 21:2,17	Z
valorem 6:24	wanted 32:19		
10:14 17:3 31:8	wanting 25:21	withdrawal 8:6	zip 31:1
37:8 38:1	_	15:5 17:15 18:22	
valuation 38:6	ways 9:6,22	19:5,14,24 22:24	
undurad 0.00	weather 56:7	23:1,4,8,12,15,19, 22 24:9	
valued 6:23			
values 8:9,11	website 16:13,18 48:24 51:5	withdrawing	
17:11 24:24 48:7		17:21 23:6	
49:15,16,19,22	weighted 53:5	withdrawn 17:20	
50:12 55:13	well's 55:10	witnesses 6:13	
variables 57:11		9:3 24:18	
varies 36:19	wellhead 7:10 11:16 14:11,15		
	15:23 16:20 18:5	WORDEN 5:1 6:1	
vary 52:15	20:9 25:16,20,24	25:15,19 28:17,19	
Vehicle 21:8	26:7,15 27:12,14,	46:7,11 47:1 56:22 57:6	
10.44.45	16,19 28:4 34:9		
versus 13:14,15	35:5 43:20 46:20	words 34:21	
16:24 20:3,4,11 22:11 27:17	50:8	work 29:9 31:15	
	wells 8:23 12:21	33:1,8	
Vice 5:18,23	13:2,6,10 15:15	worked 29:12,14	
vice-president	19:5 24:10 30:22	47:16	
29:9	31:5 32:4 36:16		
view 18:14 55:4	37:2 44:4 48:2,4	working 30:1 49:3	
	51:6 52:5,10,13	works 9:9 26:20	
violates 8:13,14	53:8,24 55:8,9	32:8	
10:14 13:23,24	56:5,7	written 5:23 23:9	
vires 8:7 18:23	West 7:18 8:15		
Virginia 7:18 8:15	10:19,20 11:2 12:3	wrong 19:10	
10:19,20 11:2 12:3	13:14 14:17 16:23		
13:14 14:17 16:23	19:12 20:20 22:11	Y	
19:13 20:20 22:11	25:4 26:24 29:11, 20 32:14 33:16		
25:5 26:24 29:11,	37:9 40:15 43:2,7,8	year 7:24 19:18	
20 32:14 33:16,21	44:13 47:17 49:3,	24:15 33:5 36:17,	
37:9 40:15 43:3,7,8	12 50:11,14,17	18 38:1,7 39:11	
44:13 47:18 49:3,	51:8 53:10,13 54:4	48:4,8,11,16,19,22	
12 50:11,14,17	56:5,9,15	49:16 50:12 51:5	
51:9 53:10,13 54:5		52:23 53:6,21	
56:5,9,16		55:10 57:11	

110CSR1J



TITLE 110 LEGISLATIVE RULE STATE TAX DEPARTMENT

SERIES 1J VALUATION OF PRODUCING AND RESERVE OIL AND NATURAL GAS FOR AD VALOREM PROPERTY TAX PURPOSES

§110-1J-1. General.

- 1.1. Scope. -- This rule provides the methodology the State Tax Commissioner shall use to determine the appraised value of producing and reserve oil and natural gas properties for ad valorem tax purposes.
- 1.2. Authority. -- W. Va. Code §§11-1C-5(b), 11-1C-5a, and 11-1C-10(d).
 - 1.3. Filing date. -- May 5, 2005.
- 1.4. Effective date. -- June 1, 2005 This rule applies to tax years beginning on or after January 1, 2006.

§110-1J-2. Introduction.

Oil or natural gas is one of the several estates in real property which may be owned either separately or in conjunction with other estates. If oil or natural gas is owned as a separate estate, either absolute, as a leasehold, or in conjunction with other estates, West Virginia property tax law requires that ownership be listed, valued and taxed in proportion to its value to be ascertained as directed by law. If oil or natural gas is owned in conjunction with other estates, the value of the oil or natural gas shall be included in the value of the other estate. Oil or natural gas may be owned without being produced. natural gas title may exist where no oil or natural gas is known to be present, or where the oil or natural gas is unproducible or depleted.

2.1. Categories for valuing oil and/or

natural gas properties. -- Parcels of property bearing or having the potential to bear oil and/or natural gas or having the oil and/or natural gas mineral interest separated from the fee of the property shall be categorized as:

- 2.1.1. producing property (to include home use/industrial on-property consumption);
 - 2.1.2. non-producing property;
 - 2.1.3. barren property; or
- 2.1.4. plugged and/or abandoned property.

§110-1J-3. Definitions.

As used in this rule and unless the context clearly requires a different meaning, the following terms have the meaning ascribed in this section.

- 3.1. "Bands of investment discount component" means a discount rate derived by assigning rates to various debt and equity investment financing tiers and summing these rates, weighted by their respective percentages of total financing.
- 3.2. "Barren oil and natural gas property" means those fee and mineral parcels in West Virginia where data suggests that the presence of oil and natural gas is very unlikely.
- 3.3. "Capitalization rate" means a rate used to convert an estimate of income to an

estimate of market value. Subsection 4.5 of this rule further explains this term.

- 3.4. "Commissioner" or "Tax Commissioner" means the Tax Commissioner of the State of West Virginia, or his or her delegate.
- 3.5. "Discount component" means a rate reflecting a provision for returning to an investor a sum of money equal to the aggregate of the anticipated return-on-investment over the economic life of an investment.
- 3.6. "Flat Rate royalty" means a royalty rate in which the amount paid per year (e.g. \$100 per year) is set within a lease and is not dependent on the production or income derived from the well.
- 3.7. "Flush production" means the production of oil and/or natural gas from any well on an oil and/or natural gas property with an initial production date that is two (2) calendar years or less prior to the July 1st assessment date. Production beginning after December 31st and prior to the July 1st assessment date must be reported.
- 3.8. "Gross receipts" means total income received from production on any well, at the field line point of sale, during a calendar year before subtraction of any royalties and/or expenses.
- 3.9. "Management rate" means a rate reflecting a return to an investor for the management of similar investment portfolios.
- 3.10. "Natural gas producing property" means the property from which natural gas has been produced or extracted at any time during the calendar year preceding the July 1 assessment date. Natural gas producing property includes the interest or interests underlying an area of up to one hundred

- twenty-five (125) acres of surface per well for property with active wells on the parcel. All acreage of a natural gas producing property in excess of one hundred twenty-five (125) acres per well, shall be valued at the non-producing rate per acre referenced in section 4. of this rule.
- 3.11. "Nonliquidity rate" means a rate reflecting a return to an investor representing the loss of interest on an investment arising from the time required to sell the investment.
- 3.12. "Non-Producing or Shut-in Well" means a well, which due to the producer's decisions, market reasons and/or product performance, was non-productive during the entire most recent calendar year preceding the July 1st assessment date.
- 3.13. "Oil and/or natural gas, non-producing property" means properties that were not engaged in production during the previous assessment year period of July 1st through June 30th. This category includes any acreage that has been shut-in for the entire year.
- 3.14. "Oil and/or natural gas plugged and abandoned property" means plugged and abandoned oil and/or natural gas wells.
- 3.15. "Oil producing property" means property from which oil has been produced or extracted at any time during the calendar year preceding the July 1 assessment date. Oil producing property includes the interest or interests underlying an area of up to forty (40) acres of surface per well with one (1) or more active well(s) on the parcel. All acreage of an oil producing property in excess of forty (40) acres per well, shall be valued at the non-producing rate per acre referenced in Section 4 of this rule.
- 3.16. "Operating expenses" means only those ordinary expenses which are directly related to the maintenance and production of

natural gas and/or oil. These expenses do not include extraordinary expenses, depreciation, ad valorem taxes, capital expenditures or expenditures relating to vehicles or other tangible personal property not permanently used in the production of natural gas or oil.

- 3.17. "Overriding royalty" means the fractional interest in the gross production payable to a person who is neither the producer nor the owner of the oil and natural gas estate and who is not required to bear a share of the development or operating costs of the well.
- 3.18. "Personal property" used in oil or natural gas production means machinery and equipment in and about the well and all other tangible personal property used in oil and/or natural gas production from the well to the fieldline point of sale. It shall not include vehicles or other tangible personal property not permanently used in production.
- 3.19. "Producer/operator" means any person or persons, corporation, partnership, joint venture or other enterprise which proposes to or does locate, drill, produce, manage, or abandon any well.
- 3.20. "Property tax component" means a rate reflecting a provision for returning to an investor a sum of money equal to property taxes paid over the economic life of an investment.
- 3.21. "Recapture component" means a rate reflecting a provision for returning to an investor a sum of money equal to his or her investment.
- 3.22. "Risk rate" means a rate reflecting a return to an investor necessary to attract capital to an investment containing a possible loss of principal and/or interest.
 - 3.23. "Royalty interest" means the

- fractional interest in oil and/or natural gas production that is not subject to development costs or operating expenses and extends undiminished over the life of the property. Typically, it is retained by the oil and/or natural gas rights owner or lessor.
- 3.24. "Safe rate" means a rate reflecting a return to an investor on an investment which has little, if any, likelihood of loss of principal or of loss in anticipated return on investment.
- 3.25. "Settled production" means the production of oil and/or natural gas from all wells on a property with an initial production date that is more than two (2) calendar years prior to the July 1st assessment date.
- 3.26. "Storage wells" means drilled and completed wells on any property used for the artificial injection or storage of natural gas into a natural reservoir strata.
- 3.27. "Sum of the Years digit" means the weighted average that will be used in the calculations. For a 3 year weighted average, the sum of the years digit method places the first year at 50%, the second year at 33.33% and the third year at 16.67%.
- 3.28. "Summation discount component" means a discount rate expressed as the aggregate of a safe rate, risk rate, nonliquidity rate, and management rate, adjusted for inflation.
- 3.29. "Well" means any shaft or hole sunk, drilled, bored or dug into the earth or into underground strata for the extraction of oil or gas.
- 3.30. "Working interest" means the fractional interest in oil and/or natural gas production subject to development and operating expenses and owned by the leaseholder and/ or operator.

§110-1J-4. Methods of Valuation.

- 4.1. General. -- Oil and/or natural gas value producing property shall determined through the process of applying a vield capitalization model to the net receipts (gross receipts less royalties paid less operating expenses) for the working interest and a yield capitalization model applied to the gross royalty payments for the royalty interest. Where ownership is split through a lease or royalty arrangement, different values shall be determined for the working interest and the royalty interest. If the well produced for less than twelve (12) months during the first calendar year of production, or during the first calendar year of production after being shut-in during the previous calendar year, the gross receipts and royalties paid shall be annualized prior to the process of applying a yield Each term in this capitalization rate. valuation is discussed below.
- 4.2. Percentage interest in oil and/or natural gas. -- Where the ownership of oil and/or natural gas in place is divided through a lease or other arrangement, the compensation to the owner of the property is derived by designating a percentage (generally one-eighth) of the production income to be the royalty payment to the owner. The remainder (generally seveneighths) is the working interest. The Tax Commissioner shall annually determine working and royalty percentage interests on a per well or lease basis, through a review of oil and natural gas producer/operator annual property tax returns. These percentages shall be determined annually by dividing the total royalty paid by the reported gross income.
- 4.3. Average industry operating expenses. -- The Tax Commissioner shall every five (5) years, determine the average annual industry operating expenses per well. The average annual industry operating expenses shall be deducted from working

interest gross receipts to develop an income stream for application of a yield capitalization procedure.

- 4.4. Average industry production decline rates. -- The Tax Commissioner shall every five (5) years derive and report the average industry production decline rates by reviewing well production records of various State agencies along with data provided by companies and individuals.
- 4.5. Capitalization rate. -- A single statewide capitalization rate for oil and natural gas shall be determined annually by the Tax Commissioner through the use of generally accepted methods. The rate shall be based on the assumption of a declining-terminal, non-inflating income series. The capitalization rate used to value oil and natural gas shall be developed through consideration of: (1) a discount rate determined by the summation technique, and (2) a property tax component.

4.5.1. Discount component.

The summation technique shall be used in developing a discount component of the capitalization rate. The five subcomponents of the discount rate are;

- 4.5.1.a. Safe rate. -- The "safe rate" shall reflect a rate of return that an investor could expect on an investment of minimal risk. It shall be developed through review of interest rates offered on thirteen (13) week United States Constant Maturity Treasury Yields for a period of three (3) calendar years immediately prior to the July 1st assessment date. A weighted average (sum of years digits) will be used in order to arrive at a Safe Rate.
- 4.5.1.b. Risk rate -- The relative degree of risk of an investment in oil and natural gas property is difficult to determine from published interest rates. Interest rates required on loans for acquisition and/or

development of oil and natural gas properties shall be calculated by adding two percent (2%) to the Prime Interest Rate Charged By banks as published in the Economic Indicators Prepared By The Council Of Economic Advisors For The Joint Economic Committee for the three (3) calendar years immediately prior to the July 1 assessment date. The loan rate shall be compared to quarterly interest rates offered on thirteen (13) week United States Constant Maturity Treasury Yields for the same three (3) calendar years period. The weighted average (sum of years digits) difference between the two, combined with bands-ofinvestment analysis, shall be used as a basis to estimate the risk rate;

4.5.1.c. Nonliquidity rate. -- The "nonliquidity rate" shall be developed through an annual survey to determine a reasonable estimate of time that oil and natural gas properties, when exposed to the market for sale, remain on the market. The time determined in this manner shall be used to identify United States Constant Maturity Treasury Yields with similar time differentials in excess of thirteen (13) week United States Constant Maturity Treasury The interest differential between Yields. these securities shall be used to represent the nonliquidity rate. For example, if it is determined that oil and natural gas property remains on the market for an average of nine months (39 weeks) before being sold, the nonliquidity rate shall be derived by taking the rate on one (1) year United States Constant Maturity Treasury Yields minus the rate on 13-week United States Constant Maturity Treasury Yields: The rate used will be a weighted average (sum of years digits) of the data from the three (3) calendar year periods prior to the July 1 assessment date.

4.5.1.d. Management rate. -- The "management rate" represents the cost of managing the investment, not the cost of managing the oil and natural gas property. Because the management rate has

historically been one-half of one percent (0.5%) of the value of investment portfolios, for purposes of determining the discount component the management rate shall be one-half of one percent (0.5%); and

4.5.1.e. Inflation rate (negative). -- Nominal interest rates, including the "safe rate" mentioned in paragraph 4.5.1.a of this subdivision, are higher than real rates by an amount representing expectation of future inflation; however, net annual income from oil and natural gas property is to be estimated assuming level future royalties (no inflation). The capitalization rate shall be a real rate, net of expectation of inflation. The inflation rate shall be estimated through analysis of the most recent calendar year's urban consumer price index as determined by the U.S. Department of Labor, Bureau of The weighted average Labor Statistics. (sum of years digits) rate will be used from the data of the three (3) calendar year periods prior to the July 1 assessment date.

4.5.2. In determining the discount component of the capitalization rate, the Tax Commissioner shall deduct the inflation rate from the sum of the safe rate, the risk rate, the nonliquidity rate and the management rate.

Property tax component. --This component shall be estimated by multiplying the assessment rate by the prior tax year's statewide average for Class III At the present time, research property. indicates that royalty rates on oil and natural gas include a component for property tax, with no additional compensation from the As a result, the property tax producer. component shall be used in the capitalization rate; however, if this described general practice changes and property taxes are paid as additional compensation, the use of this component shall be deleted. The rate used will be a weighted average (sum of years digits) of the data from the three (3) tax year periods prior to the July 1 assessment date.

- 4.5.4. Results of capitalization rate survey -- A review of economic data for development of components referenced in Subdivision 4.5.1 of this rule shall be conducted annually and results filed by the Tax Commissioner in the State Register on or before July 1st of each year. Public comment on the published results shall be accepted until August 1st of each year with final results filed in the State Register on or before September 1st of each year.
- 4.6. Yield capitalization model. -- A capitalization model shall yield developed for each producing property. The model shall use as a beginning point and include for each producing well, the gross receipts (both working interest and royalty interest) and production amounts based on those gross receipts from the most recent consecutive three (3) full production calendar years preceding the July 1 assessment date. These amounts will be weighted average (sum of years digits) and then adjusted for production decline to reflect the income available to the property owner beginning with the July assessment date to June 30 next succeeding the assessment date. Gross receipts and production amounts shall be proportionately reduced by application of the appropriate production decline rate, referenced in Subsection 4.4 of this rule, to yield a declining terminal income series typical of the producing area and strata. The income series shall be apportioned to the working interest and to the royalty interest based upon percentage interests referenced in Subsection 4.2 of this rule. Where the well did not produce during the entire calendar year, the gross receipts and royalties paid will be annualized prior to the process of applying a yield capitalization procedure.
- 4.6.1. Working interest model. --The working interest weighted average (sum of years digits) gross receipts income series referenced in Subsection 4.6 of this rule

- shall be reduced by the annual operating expenses referenced in Subsection 4.3 of this rule to yield a net working interest The net working interest income series. income series shall be discounted by applying, on an annual basis, a mid-year life Inwood factor reflecting the capitalization rate referenced in Subsection 4.5 of this rule. The summation of the annual discounted income streams shall be the market value estimate for the working interest of the producing oil and/or natural gas well including personal property as defined by Section 3 of this rule. The minimum appraised value for any producing well will not be less than the machinery and equipment value discussed in Section 4.16 of this rule. This minimum rate will not apply to home-use only wells.
- 4.6.2. Royalty interest model. -- The royalty interest weighted average (sum of years digits) gross receipts income series referenced in Subsection 4.6 of this rule shall be discounted by applying, on an annual basis, a mid-year life Inwood factor reflecting the capitalization rate referenced in Subsection 4.5 of this rule. This amount will then be proportionally distributed to each royalty owner based on the royalty percentage received during the most recent calendar year to the July 1 assessment date. The summation of the annual discounted income streams shall be the market value estimate for the royalty interest of the producing oil and/or natural gas well for an area of up to one hundred twenty-five (125) acres per producing natural gas wells and up to forty (40) acres per producing oil wells.
- 4.6.3. Valuation of home-use only wells. -- The appraised value of wells used for home-use only will be an annual appraised value of \$500.00 resulting in an assessed value of \$300.00. If the home-use well owner has ownership in the mineral rights, the assessed value will be added to the real property assessment. However, if the home-use well owner only has rights in

the surface, the assessed value will be added to the personal property assessment.

- 4.6.4. Valuation of industrial use wells. -- The appraised value of wells used for industrial purposes only will be based on the actual most recent calendar year preceding the July 1 appraisal date MCF usage times the average West Virginia spot price for that calendar year determined by the "Natural Gas Monthly," published by the U.S. Department of Energy, Energy Information Administration.
- 4.7. Valuation of non-producing acreage. -- The value per acre of nonproducing acreage, which includes shut-in wells, shall equal the discounted annual lease payment per acre. A valuation schedule for non-producing properties shall be determined annually by the Tax Commissioner for each district within a county, where data is available. The Tax Commissioner shall annually conduct a review of oil and/or natural gas lease agreements transacted at arms-length in all fifty-five (55) counties to determine the average annual delay rental lease payment per acre, and lease term. The per-acre value for non-producing property shall be the sum of the projected annual income stream from delay rental during the lease term discounted in each year by a capitalization rate. A valuation of \$1.00 per acre shall be used where property is located in those areas of the State where drilling activity/production have not been established and the property is presumed to be barren.
- 4.8. Valuation of plugged and Plugged abandoned acreage. --and abandoned acreage shall be valued to the oil or gas owner at the nominal rate of one This category dollar (\$1.00) per acre. includes any plugged and abandoned acreage of up to one hundred twenty- five (125) acres per natural gas well and up to forty (40) acres per oil well.

- 4.9. Valuation of barren oil and natural gas areas. -- These oil and natural gas areas (fee accounts) shall be valued at \$1.00 per deed acre.
- 4.10. Valuation of wells that produce both oil and natural gas. -- The valuation of wells that produce both oil and natural gas shall be determined by use of the methods described in this rule. These values shall then be summed to result in the overall value of the oil and/or natural gas producing acreage.
- 4.11. Valuation of storage well areas. The valuation of storage well areas shall equal the discounted annual lease payment per acre that is applied to the reserve oil and gas acreage within the county. The minimum value applied to the areas will not be less than \$5.00 per deed acre. The value shall not include inventories stored within. Natural gas storage inventories shall be assessed to the inventory owner.
- 4.12. Annual reports. -- The Tax Commissioner shall on or before July 1st of each year publish and file in the State Register an annual summary of the variables to be considered in arriving at the value of the specific oil and/or natural gas related property. Public comments shall be accepted until August 1st of each year with the final results filed in the State Register on or before September 1st of each year.
- 4.13. Farm properties. -- The oil and gas rights, that are part of a "fee" estate where the use of the surface has qualified for farm use appraisal, shall be valued as described in the Tax Commission's rule, Valuation of Farmland and Structures Situated Thereon For Ad Valorem Property Tax Purposes, 110 C.S.R. 1A.
- 4.14. Property reports. -- On or before August 1st of each year the producer shall file the West Virginia Oil and Gas Producer/Operator Return with the State Tax

Commission, with acknowledgement to the county assessors in the counties where the oil and natural gas property is located. This Return form shall be designed by the State Tax Commissioner so that information pertinent to the valuation of the producing property, and plugged and abandoned property shall be reported properly by the oil and gas producer.

- 4.15. Confidentiality -- All information provided by or on behalf of a natural resources property owner or by or on behalf of an owner of an interest in natural resources property to any state or county representative for use in the valuation or assessment of natural resources property or for use in the development or maintenance of a legislatively funded mineral mapping or geologic information system is confidential. The information is exempt from disclosure under the provisions of West Virginia Code § 29B-1-4, and shall be kept, held, and maintained confidential except to the extent the information is needed by the state tax commissioner to defend an appraisal challenged by the owner or lessee of the natural resources property subject to the appraisal: Provided, That this section may not be construed to prohibit publication or release of information generated as part of minerals mapping or geologic information system, whether in the form of aggregated statistics, maps, articles, reports, professional talks, or otherwise presented in generally accordance with accepted practices and in a manner so as to preclude the identification or determination of information about particular property owners.
- 4.16. Valuation of the Producer's Personal Property at Non-Producing or Shut-In wells—The valuation of the producer's personal property that is part of a non-producing or shut-in well's appraisal will be assigned to the producer at the same value applied to home use only wells.

- 4.17. Valuation of Pre-Production/Permit Leaseholds----Chattel real accounts (personal property) for pre-production/permit leaseholds will be valued by the county assessor.
- 4.18. Valuation of Producing Flat-Rate Royalty accounts ---- The appraised value of a producing flat-rate royalty will be valued using a level terminal income series rather than the declining terminal income series as discussed in Subsection 4.6 of this rule.



Dale W. Steager State Tax Commissioner

August 31, 2020

The Honorable Mac Warner Secretary of State Building 1, Suite 157-K State Capitol Charleston, West Virginia 25305

Dave Hardy

Secretary of Revenue

Dear Secretary Warner:

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Attached for filing in the State Register are final natural resource property valuation variables for the 2021 Tax Year that have been developed by the State Tax Department for use in determining the appraised value of coal, oil, natural gas, managed timberland and other natural resource properties for ad valorem tax purposes.

In accordance with the requirements of §110CSR1-I, 1-J and 1-K, tentative variables were made available for public comments on June 29, 2020. The department received zero comments on the tentative valuation variables. Additionally, changed were made for the coal, oil and gas, other mined mineral, and managed timberland royalty rates and prices based upon information that was unavailable on June 29, 2020

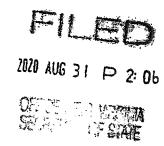
Sincerely,

Dale W. Steager State Tax Commissioner

DWS/lb/t

Attachment

Property Tax Division P.O. Box 2389 Charleston, WV 25328-2389 Phone 304-558-3940 FAX 304-558-1843



OIL AND GAS PROPERTIES ANALYSIS

Tax Year 2021

Dale W. Steager State Tax Commissioner Department of Revenue OIL AND GAS

Equity

TY 2021

Capitelization Rate Analysis and Results:

In developing a capitalization rate for use invaluing specific income-producing properties consideration is given to the three approaches generally employed in estimating a discount rate. As a matter of practicality, the Bands-of -Investment and Summation Technique approaches are utilized in establishing discount rates for producing oil and gas properties. Data for analysis has been derived in accordance with current Legislative Rule Title 110, Series 1J.

Safe Rate	(3-Month C			
	January	December	2019	2.104%
	January	December	2018	1.973%
	January	December	2017	0.947%

Risk Rate	(Interest differ	ential between	en Loan Rate and 3-Month Constant Maturity Interest Rates)
	Loan Rate*		Risk Rate
	2019	7.280%	5.176%

2018 6.900% 4.927% 2017 6.100% 5.153%

*Prime plus 2%

(Differential between Equity Rates and 3-Month Constant Maturity Interest Rates)

Equity Rate**		Risk Rate
2019	13.0%/(1-0.26)-1.55	16.018%
2018	13.0%/(1-0.26)-1.55	15.595%
2017	13.0%/(1-0.275)-1.55	16,621%

"DQYDJ.COM

Composite Risk Rate Loan and Equity Rates weighted by industry estimated capital structure. Equity Rate

Debt Rate Composite Risk 10.4114% 2019 1.817% 12.871% 10.1365% 2018 1.724% 12.485% 2017 10.8034% 1.804% 13.270% Note: Debt equity Ratio Debt 35% Equity 65% 0.95

*** Effective severance tax adjustment

Non Liquidity Rate Interest differential between 3-month Constant Maturity Interest Rates and a 1 year Constant Maturity Interest Rates which reflects a reasonable time necessary to sell active property.

			1yr T Bill	90 day T Bill	Non Liquidity Rate
January	December	2019	2.050%	1.550%	0.500%
January	December	2018	2.332%	1.973%	0.359%
January	December	2017	1.201%	0.947%	0.254%

Management Rate Charges for the management of investment portfolios. Fixed Rate (by Rule) 0.500%

Property Tax Rate Sixty percent (60%) of State average Class III property tax rate.

> 2019 60% of 2.17 1.320%

Inflation Rate December 1.810% January 2019 January December 2018 1.910% January December 2017 2.110%

Capitalization Rate

Since the valuation of oil and gas property is predicated on a three year production, the capitalization rate will be considered in a similar manner.

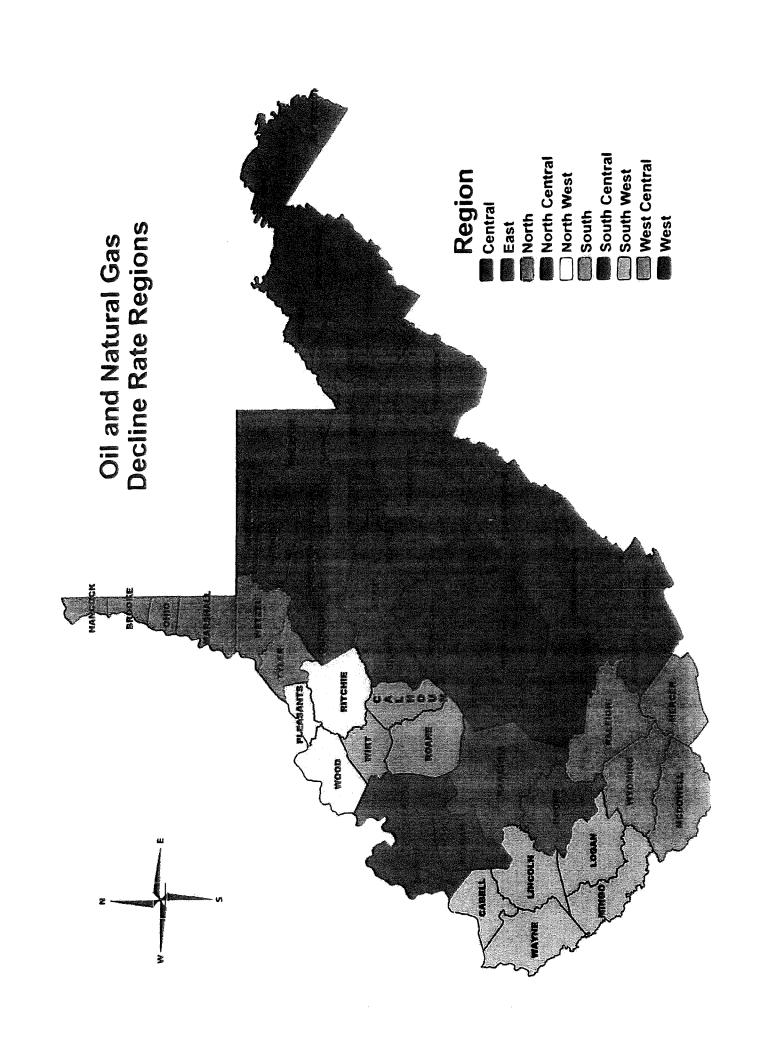
	2019	2018	2017	
Inflation Rate	-1.810%	-1.910%	-2.110%	
Safe Rate	2.104%	1.973%	0.947%	
Composite Risk Rate	12.871%	12.485%	13.270%	
Non Liquidity Rate	0.500%	0.359%	0.254%	
Management Rate	0.500%	0.500%	0.500%	
Property Tax Rate	1.320%	1.302%	1.308%	
Total	15.485%	14.709%	14.169%	-
	50,000%	33.333%	16.667%	
	7.743%	4.903%	2.362%	15.007%

Capitalization Rate Rounded to:

15.01%

MULTIPLIERS FOR 14.6% MID-YEAR LIFE (ANNUALLY)

YEAR		YEAR	
1	0.932475	21	0.056901
2	0.810796	22	0.049476
3	0.704995	23	0.043020
4	0.612999	24	0.037406
5	0.533009	25	0.032525
6	0.463456	26	0.028281
7	0.402979	27	0.024591
8	0.350394	28	0.021382
9	0.304671	29	0.018592
10	0.264915	30	0.016166
11	0.230346	31	0.014056
12	0.200288	32	0.012222
13	0.174152	33	0.010627
14	0.151427	34	0.009240
15	0.131667	35	0.008035
16	0.114486	36	0.006986
17	0.099546	37	0.006075
18	0.086557	38	0.005282
19	0.075262	39	0.004593
20	0.065441	40	0.003993



Decline Rates for Natural Gas and Oil Formations: Central

Central: Braxton, Clay, Fayette, Nicholas, Webster

Co	de	Formation	Year	1 Year	2 Year 3
1:	Alexande	er, Benson	-0.31	-0.20	0.10
14	Benson		-0.48	-0.08	-0.08
16	Benson, I	Balltown+	-0.45	-0.16	-0.12
17	Gordon +		-0.30	-0.07	-0.07
18	Big Injun		-0.34	-0.13	-0.13
19	Big Injun,	Big Lime	-0.36	-0.13	-0.13
22	Big Lime		-0.34	-0.34	-0.13
26	Ravencliff		-0.40	-0.40	-0.25
93	4th Sand		-0.42	-0.32	-0.08
94	50 Foot		-0.34	-0.26	-0.07
95	Injun/Weir		-0.51	-0.26	-0.09
96	Maxton		-0.70	-0.27	-0.08
109	Trenton/De	eper *	-0.41	-0.22	-0.09
110	Marcellus *		-0.41	-0.22	-0.09
9	Exception (I	Median)	-0.41	-0.22	-0.09
10	Non-Filer		-0.30	-0.07	-0.07

^{*} New Formation(s) involved in recent production. These will be valued with the Exception Rates until decline information is available.

Decline Rates for Natural Gas and Oil Formations: East

East: Berkeley, Grant, Greenbrier, Hampshire, Hardy, Jefferson, Mineral, Monroe, Morgan, Pendleton, Pocahontas, Preston, Randolph, Summers, Tucker

Code	Formation	Year 1	Year 2	Year 3 +
1	Oriskany	-0.30	-0.30	-0.19
14	Benson	-0.31	-0.17	-0.12
20	Benson +	-0.44	-0.20	-0.08
21	Benson, Fifth	-0.29	-0.28	-0.09
32	Brallier +	-0.48	-0.20	-0.05
33	Elk, Benson	-0.39	-0.21	-0.08
34	Elk, Benson, Riley	-0.53	-0.19	-0.05
35	Elk, Benson, Riley +	-0.36	-0.19	-0.11
36	Elk, Benson, Balltown	-0.34	-0.18	-0.11
37	Elk, Alexander,Benson	-0.50	-0.07	-0.07
38	Elk, Alexander,Benson+	-0.40	-0.16	-0.16
39	Hunterville	-0.31	-0.31	-0.14
40	Fox, Haverty	-0.36	-0.21	-0.15
93	4th Sand	-0.42	-0.32	-0.08
94	50 Foot	-0.34	-0.26	-0.07
95	njun/Weir	-0.51	-0.26	-0.09
96	Maxton	-0.70	-0.27	-0.08
10	<i>M</i> arcellus	-0.59	-0.22	-0.17
9 E	Exception (Median)	-0.41	-0.22	-0.10
0 1	Ion-Filer	-0.29	-0.07	-0.05

Decline Rates for Natural Gas and Oil Formations: South

South: McDowell, Mercer, Raleigh, Wyoming

Cod	e Formation	Year 1	Year 2	Year 3 +
8	Berea	-0.34	-0.15	-0.15
22	Big Lime	-0.31	-0.19	-0.07
23	Big Lime, Maxton	-0.31	-0.19	-0.07
24	Big Lime, Ravencliff	-0.29	-0.29	-0.17
25	Berea +	-0.37	-0.12	-0.08
26	Ravencliff	-0.40	-0.08	-0.07
28	Weir	-0.44	-0.20	-0.10
29	Weir +	-0.28	-0.21	-0.08
30	Weir, Big Lime	-0.37	-0.19	-0.13
42	Maxton, Ravencliff	-0.40	-0.08	-0.07
93	4th Sand	-0.42	-0.32	-0.08
94	50 Foot	-0.34	-0.26	-0.07
95	Injun/Weir	-0.51	-0.26	-0.09
96	Maxton	-0.27	-0.13	-0.09
97 (Coalbed Methane (Vertical)	0.03	0.10	-0.05
98 C	Coalbed Methane (Horizontal)	-0.05	-0.05	-0.32
10 1	// Aarcellus *	-0.36	-0.19	-0.09
9 E	Exception (Median)	-0.36	-0.19	-0.09
	lon-Filer	-0.23	-0.08	-0.05

U

^{*} New Formation(s) involved in recent production. These will be valued with the Exception Rates until decline information is available.

Decline Rates for Natural Gas and Oil Formations: South West South West: Cabell, Lincoln, Logan, Mingo, Wayne Code **Formation** Year 1 Year 2 Year 3 + -0.31 3 Devonian Shale -0.15 -0.04 -0.36 Berea -0.11 -0.11 -0.38 18 Big Injun -0.22 -0.04 -0.19 22 Big Lime -0.19 -0.19 -0.18 43 Berea, Big Lime -0.18 -0.18 93 4th Sand -0.42-0.32 -0.08 -0.34 50 Foot -0.26 94 -0.07 -0.51 95 Injun/Weir -0.26 -0.09 -0.70 96 Maxton -0.27 -0.08 109 Trenton/Deeper * -0.38 -0.22 -0.10 110 Marcellus * -0.38 -0.22 -0.10 -0.38 9 Exception (Median) -0.22 -0.10 -0.18 10 Non-Filer -0.11 -0.04

^{*} New Formation(s) involved in recent production. These will be valued with the Exception Rates until decline information is available.

Decline Rates for Natural Gas and Oil Formations: South Central

South Central: Boone, Kanawha

Cod	ie Formation	Year	1 Yea	ar 2	Year 3
3	Devonian Shale	-0.2	3 -0.	80	-0.05
4	Huron	-0.3	1 -0.	15	-0.04
8	Berea	-0.23	3 -0.1	4	-0.09
18	Big Injun	-0.29	-0.2	:5	-0.12
27	Huron, Shales above Huron	-0.21	-0.0	8	-0.05
28	Weir	-0.30	-0.2	1	-0.14
29	Weir +	-0.31	-0.2	5	-0.09
31	Devonian Shales +	-0.27	-0.07	,	-0.05
86	Big Injun-Oil	-0.19	-0.18		-0.10
93	4th Sand	-0.42	-0.32		-0.08
94	50 Foot	-0.34	-0.26		-0.07
95	Injun/Weir	-0.51	-0.26		-0.09
96	Maxton	-0.70	-0.27		-0.08
09 1	Trenton/Deeper *	-0.33	-0.19		-0.08
10 /	Narcellus *	-0.33	-0.19		-0.08
E	exception (Median)	-0.33	-0.19	-	0.08
0 N	lon-Filer	-0.19	-0.07		0.04

Decline Rates for Natural Gas and Oil Formations: North

North: Brooke, Hancock, Marshall, Ohio, Tyler, Wetzel

Code	Formation	Year 1	Year 2	Year 3 +
11	Gordon	-0.47	-0.31	-0.09
13	Alexander, Benson, Riley	-0.26	-0.16	-0.15
15	Benson, Riley	-0.18	-0.16	-0.06
93	4th Sand	-0.42	-0.32	-0.08
94	50 Foot	-0.34	-0.26	-0.07
95	Injun/Weir	-0.51	-0.26	-0.09
96	Maxton	-0.70	-0.27	-0.08
97	Coalbed Methane (Vertical)	-0.23	-0.08	-0.05
110	Marcellus	-0.52	-0.23	-0.18
9	Exception (Median)	-0.39	-0.23	-0.08
10	Non-Filer	-0.18	-0.16	-0.06

Code	Formation	Ye	ar 1	Year	2 Year	3 +
2	Huron, Rhinestreet		.41	-0.2		
4	Huron	-0	.42	-0.24	1	
5	Huron, Shales above Huron	-0	.39	-0.25	5 -0.14	
8	Berea	-0	31	-0.15	-0.15	,
11	Gordon	-0.	38	-0.10	-0.10	
12	Alexander, Benson (No Riley)	-0.	34	-0.23	-0.10	
13	Alexander, Benson, Riley	-0.	32	-0.20	-0.10	
14 E	Benson	-0.	19	-0.19	-0.10	
44 F	Rhinestreet, Huron, Shallow Shale	-0.4	13	-0.28	-0,11	_
47 A	Nexander, Riley, (No Benson)	-0.4	1	-0.05	-0.05	
48 R	thinestreet, Alexander, Benson, Riley	-0.3	1	-0.24	-0.10	
49 N	Veir, Squaw, Big Injun	-0.2	7	-0.17	-0.07	
50 R	hinestreet	-0.4	0	-0.27	-0.27	
51 R	hinestreet +	-0.3	3	-0.21	-0.10	
2 AI	l Upper Devonian (Undiv)	-0.48		-0.33	-0.19	-
3 HL	uron, Chemung	-0.35	<u> </u>	-0.11	-0.09	
4 Hu	uron, Hampshire, Pocono	-0.12	!	-0.12	-0.11	
5 Up	pper Devonian (Above Huron) nemung Sands= Riley, Bradford, Balltown,	-0,46		-0.33	-0.23	
	peechley, Warren (No Benson or Alexander)	-0.28	 	-0.18	-0.10	
3 Hu	ron Oil	-0.74		-0.44	-0.40	
4th	Sand	-0.42	_	-0.32	-0.08	
50	Foot	-0.34		-0.26	-0.07	
<u> Inju</u>	ın/Weir	-0.51	.	-0.26	-0.09	
Max	kton	-0.70	<u> </u>	0.27	-0.08	
Trei	nton/Deeper *	-0.39	-	0.23	-0.23	
Mar	cellus	-0.46	-	0.29	-0.23	
Utica	a *	-0.46	-	0,29	-0.23	
Exce	eption (Median)	-0.39	-(0.23	-0.13	
Non-	-Filer Volveo in recent production - These will be valued whit the exce	-0.12	-(ਸਮਾਹ ਲਵ	0.05	-0.05	ah 1.

Code Formation	Year	1 Year 2	Y
11 Gordon	-0.41		+
12 Alexander, Benson	-0.37	-0.19	\dashv
13 Alexander, Benson, Riley	-0.40		-
14 Benson	-0.31	-0.17	1
15 Benson, Riley	-0.34	-0.17	+
18 Big Injun	-0.36	-0.16	+
21 Benson, Fifth	-0.31	-0.20	1
28 Weir	-0.34	-0.34	+
29 Weir +	-0.28	1 -0.28	1
33 Elk, Benson	-0.34	-0.26	1
34 Elk, Benson, Riley	-0.42	-0.10	1
37 Elk, Alexander, Benson	-0.49	-0.23	† -
38 Elk, Alexander, Benson +	-0.38	-0.20	1 -
40 Fox, Haverty	-0.46	-0.16	† -
50 (Rhinestreet	-0.28	-0.03	-
57 Alexander, Benson, Balltown	-0.39	-0.26	1 -
58 Alexander	-0.35	-0.20	-1
59 Alexander +	-0.39	-0.22	-(
60 Alexander, Benson, Riley +	-0.39	-0.35	-0
61 Balltown	-0.35	-0.20	-0
62 Bailtown, Speechley	-0.28	1 -0.22	-0
63 Balltown, Speechley +	-0.30	-0.13	-0
64 Benson, Balltown, Speechley	-0.28	-0.22	-0
65 Benson, Bradford	-0.37	-0.20	-0
66 Benson, Balltown	-0.29	-0.23	-0
67 Benson, Riley +	-0.38	-0.14	-0
68 Benson, Speechley	-0.30	-0.22	<u>-0</u> -0
69 Brallier Elk	-0.42	-0.20	<u>-0</u>
70 Brallier	-0.40	-0.22	-0.
71 Deeper/Onondaga or Oriskany/Helderberg	-0.24	-0.24	-0.
72 Elk, Alexander	-0.42	-0.22	<u>-0.</u> -0.
73 Elk Benson +	-0.38	-0.20	-0.
74 Elk	-0.43	-0.12	-0. -0.
75 Elk, Riley	-0.43	-0.12	
76 Fox +	-0.46	-0.33	-0. -0.
	-0.35	-0.16	-
7/ [Haverty, Elk, Benson (No Alexander) 78 [Haverty]	-0.35	-0.15	-0. -0.
79 Riley	-0.44	THE RESERVE THE PERSON NAMED IN COLUMN 2 IS NOT	***
80 Speechley	-0.44	-0.22	-0.
· · · · · · · · · · · · · · · · · · ·	-0.39	-0.18	-0.0
81 Alexander, Benson, Speechley 82 Haverty, Elk, Alexander		-0.24	-0.
	-0.47	-0.14	-0.1
85 Fifth, Oil 87 Bayard All	-0.45	-0.25	-0.2
		-0.20	-0.0
88 Fifth	-0.29	-0.18	-0.1
39 Fifth + 90 Gordon, Injun All	-0.25 -0.41	-0.15	-0.1
	The state of the s	-0.23	-0.2
91 Squaw	-0.37	-0.31	-0.0
22 Injun +	-0.34	-0.22	-0.2
93 4th Sand	-0.42		-0.0
04 50 Foot	1 -0.34		-0.0
5 Injun/Weir	-0.51		-0.0
6 (Maxton	1 -0.70		-0.0
7 Coalbed Methane (Vertical)	-0.23		-0.0
8 [Coalbed Methane (Horizontal)	-0.05		-0.32
09 Trenton/Deeper *	-0.38	The state of the s	-0.1
10 Marcellus	-0.59		-0.23
Exception (Median)	-0.38	-0.21 -	-0.11

Decline Rates for Natural Gas and Oil Formations: West

West: Jackson, Mason, Putnam

Cod	e Formation	Year 1	Year 2	Year 3
1	Oriskany	-0.40	-0.40	-0.29
2	Huron, Rhinestreet	-0.13	-0.12	-0.03
3	Devonian Shale	-0.31	-0.15	-0.04
4	Huron	-0.29	-0.14	-0.05
5	Huron, Shales above Huron	-0.38	-0.15	-0.06
6	Huron, Berea	-0.29	-0.08	-0.08
7	Berea, Devonian Shale	-0.08	-0.08	-0.08
8	Berea	-0.36	-0.16	-0.16
93	4th Sand	-0.42	-0.32	-0.08
94	50 Foot	-0.34	-0.26	-0.07
95	Injun/Weir	-0.51	-0.26	-0.09
96	Maxton	-0.70	-0.27	-0.08
09	Trenton/Deeper *	-0.35	-0.20	-0.09
10 1	Marcellus *	-0.35	-0.20	-0.09
9 E	Exception (Median)	-0.35	-0.20	-0.09
10 1	Von-Filer	-0.08	-0.08	-0.03

¹²

^{*} New Formation(s) involved in recent production. These will be valued with the Exception Rates until decline information is available.

Ĺ	Decline Rates for Natural Gas and (Dil Formations:	West C	entral
	West Central: Calhou	n, Roane, Wirt	, • . ,	
Code	Formation	Year 1	Year 2	Year 3
2	Huron, Rhinestreet	-0.49	-0.11	-0.06
4	Huron	-0.33	-0.22	-0.14
27	Huron, Shales above Huron	-0.42	-0.23	-0.12
44	Rhinestreet, Huron, Shallow Shale	-0.51	-0.14	-0.11
45	Devonian Shale, Pocono	-0.25	-0.17	-0.12
46	Pocono	-0.29	-0.25	-0.12
84	Big Injun, Oil	-0.41	-0.41	-0.11
93	4th Sand	-0.42	-0.32	-0.08
94	50 Foot	-0.34	-0.26	-0.07
95	njun/Weir	-0.51	-0.26	-0.09
6 1	Maxton	-0.70	-0.27	-0.08
09 7	Trenton/Deeper *	-0.42	-0.24	-0.10
10 N	Narcellus *	-0.42	-0.24	-0.10
E	exception (Median)	-0.42	-0.24	-0.10
0 N	lon-Filer	-0.25	-0.11	-0,06

¹³

^{*} New Formation(s) involved in recent production. These will be valued with the Exception Rates until decline information is available.

Average Industry Operating Expense Results

CONVENTIONAL GAS

- Average Operating Expenses	<u> </u>	\$5,000
- Coal Bed Methane, Vertical Wells		
Expenses	=	\$9,000

OIL

-	Average Operating Expenses	==	\$5,750
-	Average Enhanced Operating		
	Expenses	Mayor.	\$9,000

MARCELLUS/UTICA

-	Vertical Producing Well		
-	Average Operating Expenses	-	\$15,000

Horizontal Producing Well
 Average Operating Expenses
 \$125,000

HORIZONTAL WELLS (OTHER THAN MARCELLUS/UTICA AND COAL BED METHANE)

- Horizontal Producing Well

- Average Operating Expenses = \$20,000

Minimum Working Interest Appraisal = \$500 per well

Flat Rate Royalty Multiplier = 5.75

Home Use Only Wells:

Appraised at \$500 per well

Industrial Use Only Wells:*

MCF usage X \$2.56/MCF BBL usage X \$56.99/BBL

^{*(}Also includes Department of Environmental Protection reported wells.)

Non-Filer Valuations

Working Interest = 150% of previous year's appraisal Royalty Interest = 90% of previous year's appraisal

Valuation

The previously discussed variables are used to establish a future income stream converted to present worth through application of a capitalization rate. The sum of the discounted future net income per year represents a reasonable estimate of market value.

Lease Rate/Term Survey and Results

The non-producing property value for each county is determined by multiplying the average delay rental by a factor, which represents the average lease term under present economic conditions.

As a result of higher lease terms being inversely proportional to the value of oil and gas (thus counties with little leasing or production activities reflect inflated values) and with the volatile nature of county activity, necessary adjustments in the review have been made.

A compilation of lease terms produced a statewide average of 5 years. This term (5 years) was applied to all county lease rates and compared to the appraisal rates derived from calculations using individual county data as well as regional data. The resulting calculations were reviewed and considered in the assignment of an appraisal rate per acre.

The appraisal rate/acre amounts shown on the next page are preliminary figures, which may change if additional lease data is received. These rates have been applied to all county magisterial districts with either producing wells, lease activity within the past 5 years or both. Tax districts void of activity within the past 5 years have been assigned the minimum value per acre.

COLNITY	CO#	DISTRICT #	TY2021 \$/AC
COUNTY	2012: Harris		\$55.00
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	ERVE RATES FOR TY 2021	CO#	DISTRICT#	TV2024 6/AC
	COUNTY			TY2021 \$/AC
	CABELL	6	1	\$25.00
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	and the second s	.	3	\$25.00
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			7	\$1.00
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	A PER				\$25.00
			ĺ	<u>3</u> 4	\$25.00
	The second section of the second section of the second section of the second section of the second section sec	COMMITTEE OF THE STATE OF THE S		5	\$1.00
Company of principles and the Company of the Compan	e anno accesso de lato e e e e e e e e e e e e e e e e e e e	and the state of t		6	\$1.00
	•		T		

OIL & GAS RESERVE RATES FOR TY 2021 COUNTY	co#	DISTRICT#	TY2021 \$/AC
HARDY	16	1	\$1.00
		2	\$1.00
		3	\$1.00
		4	\$1.00
and the second s	1	5	\$1.00
The second secon]]	6	\$1.00
HARRISON	17		\$90.00
Description and the second sec		2	\$1.00
A AND THE RESIDENCE OF THE PROPERTY OF THE PRO	i 1	3	\$1.00
and a second	†	4	\$1.00
A contract of the contract of the second of the contract of th		5	\$90.00
por a series of the series of	 	6	\$1.00
the communication of the control of			The state of the s
politica de la composição de la composiç	† †	7	\$90.00
and the second s	 	8	\$1.00
Control of the second of the s		9	\$90.00
. Company		10	\$1.00
A CONTRACTOR OF THE PROPERTY O		11	\$90.00
	i	12	\$90.00
grant and the second se		13	\$1.00
······································		14	\$90.00
		15	\$90.00
		16	\$1.00
		17	\$1.00
		18	\$90.00
		19	\$1.00
		20	\$90.00
		21	\$1.00
and the same of th			
JACKSON	18	1	\$40.00
		2	\$40.00
		3	\$1.00
Manage of the Company			\$40.00
Appropriate to the control of the co		5	\$1.00
erene ar anna ar anna ar anna ann ann ann ann		6	\$40.00
and the second s		7	\$40.00
Annual was trained and the second of the sec		The second of th	Committee of the second
JEFFERSON	19	1 ;	\$1,00
JETT ERGON		2	\$1.00
A CONTRACTOR OF THE PROPERTY O	1.	3	\$1.00
		4	\$1.00
		5	\$1.00
and the second s		6 ,	- Control Control
			\$1.00
e grande de la company de la c		7	\$1.00
Company of the W. A. Company of the State of		8	\$1.00
		9	\$1.00
		10	\$1.00
		1	

COUNTY	CO#	DISTRICT #	TY2021 \$/AC
KANAWHA	20	1	\$30.00
		2	\$1.00
		3	\$30.00
		4	\$1.00
	1	5	\$1.00
		6	\$1.00
		7	\$1.00
		8	\$1.00
		9	\$1.00
		10	\$1.00
		11	\$1.00
		12	\$1.00
		13	\$1.00
		14	\$1.00
		15	\$30.00
		16	\$30.00
The second of th		17	\$1.00
	•	18	\$1.00
en e	1 1	19	\$30.00
VI. 4. 5	1	20	\$1.00
The second secon	• • • •	21	\$1.00 \$1.00
e de gre	 	22	
			\$1.00
The second secon		23	\$30.00
	+	24 25	\$30.00
	4		\$30.00
the second control of		26	\$1.00
The second of th	1	27	\$1.00
* NAM		28	\$30.00
Afficial 10 Mar 10 Martin and a successful and a successf		29	\$1.00
Mills of All Relations - Appendix - Company of the	ļ	30	\$1.00
and the same of th	 	31	\$1.00
			man - C. Marine agreement and the major of the same security
LEWIS	21		\$35.00
· / • / • / • / • / • / • / • / • / • /			\$35.00
The second secon	+	3 👢	\$35.00
man in the property when the contract of the contract of the William (Section 1994), while the second states in the contract of the contract o		4	\$35.00
	 	5	\$1.00
		6	\$35.00
annan ya kana na manan na na manan ya manan ya panan ya ya kana na	ļ	7	\$1.00
		8	\$1.00
		9	\$1.00
the company of the co			
LINCOLN	22	1	\$25.00
to the second of		2	\$25.00
		3	\$1.00
		4	\$25.00
		5	\$25.00
		6	\$25.00
en e		7	\$25.00
No. 1 A Company of the Section of th		8	\$25.00
		9	\$25.00
The state of the s	- · · · · · · · · · · · · · · · · · · ·	10	\$1.00
			\$1.00

COUNTY	CO#	DISTRICT#	TY2021 \$/AC
LOGAN	23	1	\$15.00
r otto og karjonin og skjernig om med eng med med stattet t tilltigg formen det eng en er om en engen et en en	1	2	\$15.00
water water the second of the		3	\$15.00
and the state of t		4	\$15.00
	1 - 1		\$1.00
e contract de la contraction de la contraction de la contraction de la contraction de la contrac	-	5	
			\$1.00
A STATE OF THE STA		7	\$1.00
		8	\$15.00
and the state of t	4	. 9	\$1,00
MARION	24	1	\$1.00
		2	\$90.00
a factor of the		3	\$1.00
Annual Market A		4	\$1.00
		5	\$1.00
		6	\$1.00
		7	\$1.00
		8	\$1.00
•		9	\$90.00
		10	\$1.00
e e e e e e e e e e e e e e e e e e e	1 1	11	\$90.00
remonstration of the second se	1	12	\$90.00
and the second s		13	\$1.00
CHARLES CONTROL OF THE CONTROL OF TH			
	+ +-	14	\$1.00
A de de reconstruir de la construir de la cons		15	\$1.00
ann andreadas. The second residence of the second secondary secondary and extensive measures at the second secondary secondary.	+	16	\$90.00
and the second of the second o	+ 1	17	\$1.00
		18	\$90.00
		19	\$90.00
,	ļ ļ	20	\$1.00
	+ +	21	\$1.00
		22	\$1.00
and the second s			The state of the s
MARSHALL	25	1	\$1.00
NATION OF THE PROPERTY OF THE	1	3	\$1.00
		3	\$105.00
		4	\$105.00
		5	\$105.00
The latter of the Control of the Con	T	6	\$1.00
and the second terms of th		7	\$105.00
		8	\$1.00
	1 7	9	\$105.00
e and analysis of the second and the		10	\$1.00
en data en general de de resident for elle se de data en de data	+	11	\$1.00
A AMERICAN STATE OF THE PROPERTY OF THE PROPER			
and the second of the second o		12	\$105.00
	-	13	\$105.00
		14	\$105.00
and the second of the second o	i		\$105.00
	1	16	\$1.00
	1 !		

COUNTY		CO#	DISTRICT#	TY2021 \$/AC
MASON		26	1	\$1.00
e e e e e e e e e e e e e e e e e e e			2	\$25.00
		_1	3	\$25.00
			4	\$25.00
			5	\$25.00
			6	\$25.00
			7	\$1.00
•			8	\$1.00
			9	\$1,00
			10	\$25.00
			11	\$1.00
			12	\$1.00
The second secon			13	\$1.00
	Territoria (1981)	T = 1	14	\$25.00
The first control of the control of		1 1	15	\$25.00
reserved and make the second s			16 1	\$25.00
		•	a a said to said to a	The state of the s
MC DOWELL		27	1	\$20.00
The state of the s		•	2	\$1.00
Management (1 comment of the comment			3	\$20.00
			4	\$20.00
en e			5	\$1.00
			6	\$20.00
	-	-	7	\$1.00
	1		8	\$1.00
			9	\$1.00
And the Annual Control of the Contro	+	***	10	\$1.00 \$1.00
		<u>-</u>	11	\$20.00
To the last to the control of the control of the last the last the control of the	1	- +	12	
and a resulting of the	-4			\$1.00
		1	13 14	\$20.00 \$1.00
Processor (Control of the Control of	- !			
MARKETING OF THE SAME AS A SAME OF THE SAM			15 16	\$1.00
		1	10	\$1.00
MERCER	·· •	28		* · · · · · · · · · · · · · · · · · · ·
WILLOUIN TO THE PROPERTY OF TH			- 1	\$1.00
The IA Committee of the			1 2 3	\$15.00
The state of the s				\$1.00
and the second s			4	\$1.00
			5 <u> </u>	\$1.00
	1			\$15.00
The second secon				\$1.00
The second section of the second section of the second section of the second section of the second section sec	İ	4	8	\$1.00
many sensor sensor more and the sensor senso	İ	+-	9	\$15.00
And the second s			10	\$1.00
To the state of th		- 4	11	\$15.00

	ERVE RATES FOR TY 2021 COUNTY	CO#	DISTRICT #	TY2021 \$/AC	
	MINERAL	29	1	\$1.00	
A CONTRACTOR OF THE PROPERTY O			2	\$1.00	
			3	\$1.00	
			4	\$1.00	
. you was saled 11	The state of the s		5	\$1.00	
			6	\$1.00	
			7	\$1.00	
			8	\$1.00	
,			9	\$1.00	
			10	\$1.00	
, and the second	and the second section of the sectio		11	\$1.00	
	,			மண்டி ஊணைக்கி	
. ,	MINGO	30	_ 1	\$1.00	
•	Transfer American	1	2	\$1.00	
	A MAN AND THE STREET OF THE ST		3	\$20.00	1
Andrew Market Committee of Market Market Committee of Market Commi		1	i i	\$20.00	
	•		5	\$20.00	
				\$20.00	- 1
4			6	\$20.00	duction
The company of the con-	en en en en en en en en en en en en en e	-		\$1.00	
e e	Section and the section of the secti		8	\$20.00	
				\$20.00	
9	and the second of the second o		10		
		+	11	\$20.00	-
	-			\$1.00	-
			+		
	and a supply construction and the second control controls.		-		
<u>N</u>	ONONGALIA	31		\$35.00	
		+ +	2	\$1.00	
			3	\$35.00	
-, we	and the second s	+	<u>4</u>	\$35.00	
I am I amendment of a transfer		+ - +	.	\$35.00	1
and the same of th			6	\$1.00	
-	The second secon	4 4	7.	\$35.00	- v - 4
AND ROOM AND ADDRESSED OF THE PROPERTY OF THE PROPERTY OF THE PARTY OF	and the second s	+	8	\$35.00	
The second secon	* * *		9 10	\$1.00	a) e
	and the second second second	+	10	\$1.00	
	and the second s			\$1.00	- 4
		-	12	\$1.00	-
	and a particular and a contract of the contrac		13 14	\$1.00	
Marie del Marie	which is a second control of the second			\$1.00	
			15	\$1.00	
	and the second of the second o		16 17 18	\$1.00	
COMMAND ASSESSED AND ASSESSED TO	. and a contract of	1 1	17	\$1.00	
, management to the second of	A			\$1.00	
	AND AND AND A STATE OF THE PROPERTY OF THE PRO		19	\$35.00	
		1		\$1.00	- 1

OIL & GAS RESERVE RATES FOR TY 2021 COUNTY	CO#	DISTRICT #	TY2021 \$/AC
MONROE	32	1	\$1.00
The second of th		2	\$1.00
Species 1 of the difference of the depth of the difference of the		3	\$1.00
The state of the s		4	\$1.00
The second secon	Ī	5	\$1.00
range of the second second second second second second second second second second second second second second			\$1.00
agrico congressor de servicio de la compansión de la comp		7	\$1.00
And the second s		1	\$1.00
The state of the s		<u>B</u>	\$1.00
on the state of th	+	9	\$1.00
the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the second section of the section of the second section of the section of			
MORGAN	33	1	\$1.00
Control of the contro	ļ	2	\$1.00
and the state of t		3	\$1.00
and a confidence of the confid		4	\$1.00
		5	\$1.00
The second section of the section of the second section of the section of the second section of the secti		6	\$1.00
and the second s	,	7	\$1.00
, and the second		8	\$1.00
A CONTRACTOR OF THE PROPERTY O		and the second s	and the same of th
NOTION AS	34		\$1.00
NICHOLAS	34	1	\$15.00
and the second s		2	
The state of the s		3	\$15.00
The second of th		4	\$15.00
Australia are miningen magani Magani magani		5	\$1.00
and the second second	-	6	\$1.00
,		7	\$15.00
			\$1.00
		9	\$1.00
And the state of t			
OHIO _	35	1	\$1.00
Contraction of the Contraction o		2	\$1.00
1 (as a sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to the sould to billion to billion to the sould to billion to	S. Company of the Com	3	\$105.00
		4	\$105.00
STREET, STREET	- I	5	\$1.00
and the same of th			
		6	\$105.00
and the second of the second o		7	\$1.00
		8	\$1.00
		9	\$1.00
		10	\$1.00
			An auditorian part of the Section 2015
PENDLETON	36	1	\$1.00
		2	\$10.00
		A STATE OF THE PROPERTY OF THE	\$1.00
and the second s		4	\$1.00
and the second s	++	5	\$1.00
		7	\$1.00
And the second s		a manife to all column	\$10.00
	L	A6 17 PP	

OIL & GAS RESERVE RATES FOR TY 2021 COUNTY	CO#	DISTRICT#	TY2021 \$/AC
PLEASANTS	37	1	\$40.00
CLEMONIS CONTRACTOR OF CONTRAC	1	2	\$40.00
		3	\$40.00
and the second s		4	\$40.00
Control of the Contro			\$40.00
Account which programs is a constructive or a configuration of the confi		<u>5</u> 6	\$1.00
		7	\$40.00
The second secon		8	\$40.00
	7		
POCAHONTAS	38		\$1.00
The second secon		2	\$1.00
A CONTRACTOR OF THE CONTRACTOR		3	\$1.0 <u>0</u>
and the second s		4	\$1.00
and the second s		5	\$1.00
		6	\$1.00
and the second s		7	\$1.00
A CONTRACTOR OF THE PROPERTY O			<u>\$1.00</u>
		, .	- Common Ann Company and Common Annual Annua
PRESTON	39	1	\$30.00
Approximate the second of the	1	2 -	\$30.00
The second secon		3	\$30.00
And the second s		4	\$30.00
The second secon	4	5	\$30.00
And the second s		6	\$30.00
and the second s	1	7	\$1.00
Commence of the Commence of th	1	7 8 9	<u>\$30.00</u>
		9	\$1.00
	i Lorenza	10	\$30.00
and a special section of the section	· ·	11	\$1.00
	4	12	\$1.00
The state of the s	<u> </u>	13	\$1.00
and the second s		14	\$1.00
	<u> </u>	15	\$1.00
And the second s		16	\$1.00
		17 18	\$1.00
The second secon		A CONTRACTOR OF THE PARTY OF TH	\$1.00
		19	\$1.00
Company and the Company and th	4	20	\$1,00
And the second s		<u> </u>	
PUTNAM	40	1	\$25.00
	· ·	2	\$25.00
	1	3	\$1.00 \$25.00
The second secon	<u> </u>	4	\$1.00
e de la constante de la consta		5	\$1.00 \$1.00
and the second s		6	\$1.00
			\$25.00
		8	\$1.00
The second secon		and the same of th	\$25.00
		10	\$25.00 \$25.00
		11	\$25.00
the control of the co	÷	12	\$1.00
	i	13	\$1.VV
NAME OF TAXABLE PARTY O	\	. 🔟	

COUNTY	CO#	DISTRICT #	TY2021 \$/AC
RALEIGH	41	1	\$20.00
The diagnosphala and the second secon	1		\$20.00
	†	3	\$1.00
	1	4	\$1.00
AND THE PARTY OF T		man and a second and an arrangement of the second and a second a second and a second a second and a second a second and a second and a second and a	\$20.00
and the second s		6	
12	1		\$1.00
e commence and the commence of		7	\$20. @
The second secon	t t	<u> </u>	\$20.00
and the second of the control of the		9	\$20.00
and the second of the second o	-	10	\$1.00
and the same of th			\$20.00
Marine Communication of the Co	ļ	12	\$20.00
and the control of th	į į		The same of the sa
RANDOLPH	42	1	\$20.00
		2	\$20.00
and the second s	[]	3	\$1.00
		4	\$20.00
		5	\$1.00
		6	\$1.00
		7	\$1.00
and the second of the second o		8	\$1.00
and the first control to the second to the s		9	\$1.00
The state of the s		10	\$20.00
		11	\$20.00
		12	\$1.00
and Anna Anna Anna Anna Anna Anna Anna A		13	\$1.00
		14	\$1.00
and the second s		15	\$1.00
		16	\$20.00
, <u>u</u>		17	The state of the s
The second secon	+	18	\$1.00
		10	\$1.00
RITCHIE	43		
RIICHE	43	1	\$80,00
A SAMPLE OF THE PARTY OF THE PA		2	\$1.00
		3	\$80.00
The second secon	+	4	\$1.00
age of the second secon			\$80.00
	-	6	\$1.00
		7	\$80. œ
		8	\$1.00
and the second s	1.	9	\$1.00
		10	\$80.00
	1		

COUNTY	CO#	DISTRICT #	TY2021 \$/AC
ROANE	44	1	\$35.00
		2	\$35.00
The second secon		3	\$35.00
The state of the s	-1-	4	\$35.00
And the second s		5	\$1.00
		6	\$35.00
		7	\$35.00
The state of the s	1 1	8	\$1.00
The second secon		9	\$35.00
and appropriate decision and a fact of the first of the f			
SUMMERS	45	1	\$1.00
		2	\$1.00
A Commission of the Commission	· ·	3	
and the second of the second o		4	\$1.00
		5	\$1.00 \$5.00
		6	
er en antigene en en en en en en en en en en en en		7	\$1.00
, Make the first of the desirable state of the second state of the	1 !		\$1.00
TAYLOR	46	1	\$1.00
The state of the s		2	\$1.00
Commission of the Commission o		3	\$90.00
The property of the second sec		4	\$90.00
The state of the s		5	\$90.00
Many construction and the construction of the		6	\$90.00
the state of the s		7	\$90.00
- The second of the second of			
TUCKER	47	1	\$15.00
minimum is to the second secon		2	\$15.00
The second secon	1	3	\$1.00
· · · · · · · · · · · · · · · · · · ·	1	4	\$1.00
The second control of the second control of	- }	5	\$15.00
THE CONTRACT	+	6	\$1.00
ter mer medent i kine into out on a broaden i in		7	\$1.00
The first strengthening washing a control of the co	-+- +-	8	\$1.00 \$1.00
AND THE PROPERTY AND TH		9	
A STATE OF THE STA	-	10	\$15.00
THE CONTRACTOR OF THE CONTRACT			\$1.00
· STORE IN THE STORE AND ADDRESS AND ADDRE	+ + -	11	\$15.00
4 · · · · · · · · · · · · · · · · · · ·	+ +	12	\$1.00
			
The second of the date of the control of the contro			The state of the s

	COUNTY		CO#	DISTRICT #	TY2021 \$/AC
	TYLER		48	1	\$100.00
and the second s	The second secon			2	\$100.00
agramatic construction of the second constructio	. Company of the control of the control of			3	\$1.00
		a day amonates a constitue		4	\$100.00
and the second s	a garanta da da			5	\$100.00
A grant of the second of the s		Company of the second s		6	\$100.00
			1	7	\$1.00
and the second s			Ī	8	\$1.00
The second secon	en angeren erken medit i i di Salam III.	A		9	\$1.00
a www.		The second section of the second section of the second section of the second section s		10	\$100.00
The same of the sa	****	e e e e e e e e e e e e e e e e e e e	-		(and the control of t
we will have the second of the second	UPSHUR	Section 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	49	1	\$70.00
to the same and th	0. 01.011		1 - 1	2	\$70.00
gormania in the control of the contr	a a water	Angeling of compact to the control of the con		3	\$1.00
	and the second s	and the second second	1. 1	4	\$70.00
	Company of the Compan	The second secon		5	\$70.00
				6	\$70.00
and the second s				7	\$70.00
* *	is consistent in a second seco	and the second control of the second control		· · · · · · · · · · · · · · · · · · ·	e je je nadilina i propinska police. Po mani i na
AND AND AND AND AND AND AND AND AND AND	WAYNE		50	1	\$20.00
	AAVIIAE			2	\$20.00
processor and all A. W. C.	Many is the state of the state			3	\$1.00
					\$1.00
		and the second s	1	5	\$1.00
a section of the sect	•	The second second second second second	++	6	\$1.00
		***************************************	1 - +	7	\$1.00
				8	- Other one patches, a
· is			<u> </u>		\$20.00 \$20.00
			-	9 10	\$20.00
and the second s	gangeration makes or		į	The state of the s	
	and the second s	AND SECURIOR	 	11	\$1.00 \$20.00
Mary and appropriate to the second se	y and agree agree assessment of		+	12	P&U.UU
a December 1989 ports					± ••• • • • • • • • • • • • • • • • • •
	WEBSTER		51	1	\$1.00
nagramment in a time of saidy. The of the			+	2	\$1.00
e autos - Per			+		\$1.00
, y , we was every me	· · · · · · · · · · · · · · · · · · ·	- A. (PA)	+		\$15.00
managar maganagan an ang pangan a		1. *	i +	3 4 5 6	\$15.00
9		TO MAKE I AND A SERVICE OF THE PARTY OF THE	<u> </u>		\$15,00
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IN THE COUNTY COMMISSION OF RITCHIE COUNTY, WEST VIRGINIA SITTING AS THE BOARD OF ASSESSMENT APPEALS

RE: ANTERO RESOURCES CORPORATION'S TAX
YEAR 2021 NOTICE OF PROTEST AND
ELECTION TO HAVE MATTER HEARD BY
THE BOARD OF ASSESSMENT APPEALS

ANTERO'S EXHIBITS FOR HEARING ON OCTOBER 14, 2021

- Antero Resources Corporation's Tax Year 2021 Notice of Protest and Election to Have
 Matter Heard by the Board of Assessment Appeals
- 2. Slideshow Presentation
- "Important Notice to Producers of Natural Gas and Oil for Property Tax Year 2021," dated
 June 30, 2020; and
 - "Notice of Withdraw [sic] of Important Notice to Producers of Natural Gas and Oil for Property Tax Year 2021," dated October 9, 2020
- 4. Proof of Payment for Tax Year 2021

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Chase Tower, 17th Floor P.O. Box 1588

Charleston, WV 25326-1588 (304) 353-8000 (304) 353-8180 Fax

www.steptoe-johnson.com

Writer's Contact Information

(304) 353-8154 John.meadows@steptoe-johnson.com

February 19, 2021

VIA FACSIMILE/CERTIFIED MAIL TO FOLLOW

Tracie D. McDonald Ritchie County Clerk 115 East Main Street, Room 201 Harrisville, WV 26326

Re: Antero Resources Corporation

Notice of Protest and Election to have matter heard by the Board of Assessment Appeals

Dear Ms. McDonald:

This firm serves as West Virginia tax counsel to Antero Resources Corporation. Attached for filing on behalf of Antero Resources Corporation please-find the company's Tax_Year 2021 Notice of Protest and Election to have matter heard by the Board of Assessment Appeals. Please contact me if you have any questions regarding this matter or if any further information or actions is required to lodge this appeal and secure a hearing date in October.

A copy of this filing is also being provided to the Assessor and to the Tax Commissioner as indicated below.

Thank you for your assistance.

Very truly yours,

Steptoe & Johnson PLLC

Ahm Mendows for

John Meadows

cc:

Arlene Mossor

Matt Irby

Leroy Barker

Kirsten Evans

February 19, 2021

VIA FACSIMILE/CERTIFIED MAIL TO FOLLOW

Tracie D. McDonald Ritchie County Clerk 115 East Main Street, Room 201 Harrisville, WV 26326

Re: Antero Resources Corporation

Notice of Protest and Election to have matter
heard by the Board of Assessment Appeals

Dear Ms. McDonald:

In accordance with W.Va. Code §§ 11-3-23a, 11-3-24 and 11-3-24b, Antero Resources Corporation hereby protests the assessment of its property identified on the attached spreadsheet.

Generally stated, the primary reason for Antero Resources Corporation filing of this notice of protest is that the assessments of the properties at issue do-not reflect the true and actual value of the properties.

Antero Resources Corporation reserves the right to raise additional grounds during the appeal process, including, but not limited to, the following: (1) the assessment of the properties at issue are not based on the fair market value of the properties; (2) the State's ad valorem tax regime disallowing deductions for actual expenses benefits in-state natural gas sellers at the expense of out-of-state natural gas sellers and thus violates dormant Commerce Clause principles; (3) the State's ad valorem tax regime disallowing deductions for actual expenses overvalues, for tax purposes, the wells of out-of-state sellers while undervaluing the comparable wells of in-state sellers and thus violates state and federal equal protection principles; and (4) the State's refusal to apply to pending tax disputes, and purported October 2020 Withdrawal of, its June 2020 Guidance allowing these deductions constitutes arbitrary and capricious agency decision-making that violates the State Administrate Procedures Act and state and federal due process principles. Please note that with respect to each property identified on the attached spreadsheet, the State Appraised Value, the Taxpayer's Value and the Value the Taxpayer Believes to be in Controversy are all indicated.

Furthermore, please be advised that Antero Resources Corporation elects to have this matter heard in October of 2021 when the County Commission sits as the Board of Assessment Appeals.

Antero Resources Corporation acknowledges that it will timely pay first and second half installment payments of taxes levied for the current tax year on or before the due date, unless it seeks and obtains a final order from a court of competent jurisdiction that would enjoin such payment requirements during the pendency of this protest. Any reduction in assessed value that is administratively or judicially determined in a decision that becomes final will result in a credit being established against taxes that become due for a subsequent tax year(s), except as otherwise stated in the decision or as provided in Chapter 11, Article 3 of the West Virginia-Code.

A copy of this letter is also being provided to the County Assessor and State Tax Commissioner.

Best regards,

Antero Resources Corporation

Sheri L. Pearce

Chief-Accounting Officer & VP Accounting

lacepe

cc: Arlene Mossor

N f = 44 T - 1 - 1

Matt Irby

Leroy Barker

Kirsten Evans

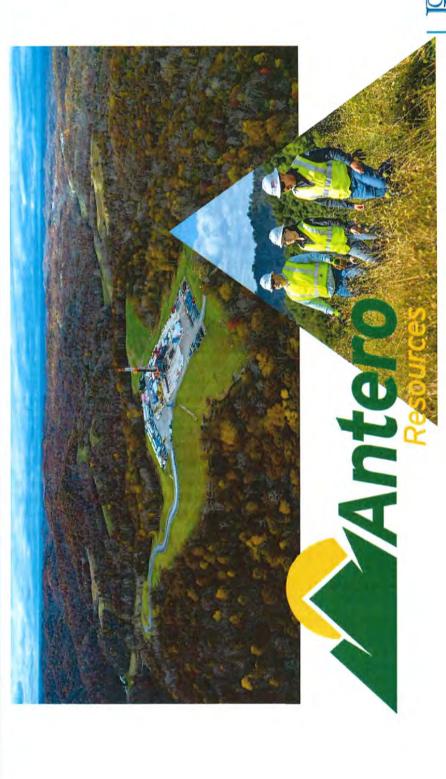
CY	Account #	# of Wells	API#	API # for Second Well (if applicable)	Property Description	State Appraised Value	Taxpayer Value	Value the Taxpayer Believes to be in Controversy
43	320150036	1	4708510036		Blanche Unit 1H (10758.1)	1,777,911	885,198	892,713
43	320159963	1	4708509963		Anna Unit 2H (10223.1)	903,941	375,347	528,594
43	320160027	1	4708510027		Belle Unit 1H (10351.1)	2,104,314	1,095,139	1,009,175
43	320160028	1	4708510028		Belle Unit 2H (10526.1)	1,889,087	951,562	937,525
43	320160029	1	4708510029		Belle Unit 3H (10440.1)	2,664,807	1,410,947	1,253,860
43	320160060	1	4708510060		Hendershot Unit 1H (10524	2,069,538	1,054,802	1,014,736
43	320160062	1	4708510062		Hornet Unit 1H (10942.1)	2,758,875	1,343,235	1,415,640
43	320160063	1	4708510063		Hornet Unit 2H (10937.1)	3,029,289	1,498,606	1,530,683
43	320160088	1	4708510088		Hendershot Unit 2H (10525	2,441,358	1,249,230	1,192,128
43	320170015	1	4708510015		Cairo-Anna Unit 3HRB (105	2,679,905	1,447,502	1,232,403
43	320170041	1	4708510041		Blanche Unit 3H (10442.1)	2,598,346	1,383,208	1,215,138
43	320170042	1	4708510042		Schmidle Unit 1H (10683.1	2,193,175	1,129,474	1,063,701
43	320170057	1	4708510057		Chandos Unit 2H (10523.1)	2,976,172	1,598,278	1,377,894
43	320170078	1	4708510078		Miracle Unit 1H (10939-1)	2,369,534	1,209,830	1,159,704
43	320170079	1	4708510079		Moats Unit 1H (10940.1)	2,754,905	1,396,734	1,358,171
43	320170080	1	4708510080		Moats Unit 2H (10941.1)	2,230,985	1,126,814	1,104,171
43	320170082	1	4708510082		Myrtle Unit 2H (10938.1)	2,753,314	1,443,163	1,310,151
43	320170089	1	4708510089		Miracle Unit 2H (10567.1)	3,361,385	1,798,478	1,562,907
43	320170105	1	4708510105		Mulvay Unit 1H (10636.1)	2,720,664	1,456,446	·
43	320170106	1	4708510106		Mulvay Unit 2H (10637.1)	2,853,539	1,543,102	1,310,437
43	320170140	1	4708510140		Miracle Unit 3H (10568.1)	3,238,119	1,731,411	1,506,708
43	320170141	1	4708510141		Moats Unit 3H (10657.1)	2,446,834	1,231,621	1,215,213
43	320170143	1	4708510143		Ericson Unit 2H (10694.1)	5,937,635	3,389,570	
43	320170144	1	4708510144		Ericson Unit 3H (10695.1)	2,849,858	1,538,851	1,311,007
43	320170146	1	4708510146		Bow Unit 1H (11418.1)	1,673,713	806,265	867,448
43	320170157	1	4708510157		Bow Unit 2H (10670.1)	2,660,592	1,386,995	
43	320170163	1	4708510163		Musgrave Unit 1H (10686.1	3,305,244	1,790,243	1,515,001
43	320170164	1	4708510164		Noland Unit 1H (10687.1)	2,080,365	1,069,953	
43	320170165	1	4708510165		Paige Unit 1H (10669-1)	2,208,040	1,113,665	1,094,375
43	320170191	1	4708510191		Musgrave Unit 2H (10689.1	3,748,859	2,065,748	1,683,111
43	320179962	1	4708509962		Cairo-Anna Unit 1H (10588	2,257,991	1,185,110	
43	320180098	1	4708510098		Knoll Unit 1H (10690.1)	2,878,064	1,609,873	1,268,191
43	320180099	1	4708510099		Penns Park Unit 1H (10692	2,601,827	1,442,779	1,159,048
43	320180100	1	4708510100		Penns Park Unit 2H (10693	2,500,524	1,381,023	1,119,501
43	320180154	1	4708510154		Caldwell Unit 1H (10656.1	3,824,693	2,123,589	1,701,104
43	320180155	1	4708510155		Greenback Unit 1H (10653.	4,470,397	2,566,411	1,903,986
43	320180156	1	4708510156		Greenback Unit 2H (10679.	4,899,721	2,823,633	2,076,088
43	320180178	1	4708510178		Jackknife Unit 1H (11513.	4,897,068	2,891,363	2,005,705
43	320180179	1	4708510179		Jackknife Unit 2H (11514.	5,411,316	3,185,481	2,225,835
43	320180180	1	4708510180		Manos Unit 1H (11512.1)	4,793,701	2,888,648	
43	320180181	1	4708510181		Knoll Unit 2H (10691.1)	3,205,987	1,815,381	1,390,606
43	320180185	1	4708510185		Brook Unit 1H (11459.1)	4,183,378	2,372,714	1,810,664
43	320180190	1	4708510190		Caldwell Unit 2H (10680.1	5,061,748	2,936,670	2,125,078
43	320180196	1	4708510196		McNabb West Unit 1H (1070	7,125,584	4,234,717	2,890,867
43	320180197	1	4708510197		McNabb West Unit 2H (1070	5,711,293	3,410,528	2,300,765
43	320180198	1	4708510198		McNabb East Unit 3H (1070	5,162,791	3,086,780	2,076,011
43	320180199	1	4708510199		McNabb East Unit 4H (1071	7,825,298		
43	320180213	1	4708510213		Bow Unit 3H (11476.1)	5,322,846	3,201,558	2,121,288
43	320180221	1	4708510221		Eppard Unit 1H (11479.1)	2,785,194		
43	320180244	1	4708510244	 	Charleston Unit 3H (11521	6,201,527		
43	320180268	1	4708510268		Charleston Unit 2H (11524	5,782,168		~
43	320180269	1	4708510269		Deem Unit 2H (11523.1)	6,486,712		
43	320190161	1	4708510161		DUCHENE UNIT 1H (11628.1)	2,687,992		
43	320190162	1	4708510162	-, 	DUCHENE UNIT 3H (11629.1)	1,964,661		
43	320190168	1	4708510168	 	DUCHENE UNIT 4H (11630.1)	2,312,780		

CY	Account #	# of Wells	API#	API # for Second Well (if applicable)	Property Description	State Appraised Value	Taxpayer Value	Value the Taxpayer Believes to be in Controversy
43	320190169	1	4708510169		NORMA UNIT 1H (11542.1)	3,004,503	1,447,535	1,556,968
43	320190170	1	4708510170		NORMA UNIT 2H (11543.1)	2,683,709	1,267,843	1,415,866
43	320190171	1	4708510171		PIEDMONT UNIT 1H (11544.1	2,724,572	1,312,562	1,412,010
43	320190193	1	4708510193		AUBIE UNIT 1H (11625.1)	3,469,478	1,707,179	1,762,299
43	320190194	1	4708510194		AUBIE UNIT 2H (11626.1)	2,717,788	1,303,937	1,413,851
43	320190233	1	4708510233		AUBIE UNIT 3H-(11627.1)	2,230,594	1,032,896	1,197,698
43	320190273	1	4708510273		EARNEST UNIT 1H (11540.1)	3,212,426	1,574,929	1,637,497
43	320190274	1	4708510274		ALLIANCE UNIT 1H (11538.1	3,677,391	1,924,922	1,752,469
43	320190275	1	4708510275		ALLIANCE UNIT 2H (11539.1	3,035,651	1,462,909	
43	320190276	1	4708510276		EARNEST UNIT 2H (11541.1)	4,125,675	2,150,423	
43	320190281	1	4708510281		KEROGEN UNIT 2H (11580.1)	1,606,291	733,026	
43	320190291	1	4708510291		PIPER UNIT 1H (11623.1)	3,536,454	1,755,657	
43	320190292	1	4708510292		PIPER UNIT 2H (11624.1)	2,336,268	1,110,866	
43	320190293	1	4708510293	<u> </u>	WESTERN UNIT 1H (11621.1)	5,702,284	2,978,684	
43	320190294	1	4708510294		WESTERN UNIT 2H (11622.1)	3,836,618	1,920,337	
43	320190295	1	4708510295	<u> </u>	WESTERN UNIT-3HST (11710.	4,626,702	2,355,225	
43	320190296	1	4708510296		PIPER UNIT 3H (11631.1)	2,491,728	1,177,794	
43	320200201	1	4708510201		STRONSNIDER UNIT 1H (1187	6,432,129	3,555,401	·
43	_320200201	1	4708510201		STRONSNIDER UNIT 2H (1188	6,340,794		
43	320200202	1	4708510202		STRONSNIDER UNIT 3H (1188		3,523,840	
43	320200203	1	4708510263		NILEY UNIT 1H (11876.1)	6,761,410 5,375,597	3,789,968	
43	320200250	1	4708510251				2,980,667	
43	320200251	1	4708510251		NILEY UNIT 2H (11877.1)	4,700,880	2,541,326	
43	320200232	1	4708510252		NILEY UNIT 3HST (11878.1) PENNY UNIT 1H (11884.1)	5,427,668	2,989,120	
43	320200298	1	4708510298			7,691,518	4,218,281	
43	320200299	1		<u> </u>	PENNY UNIT-2H (11885.1)	6,942,692	3,786,352	
			4708510300	1	PENNY UNIT 3H (11886.1)	5,974,206	3,213,878	
43-	320200301 320200302	1	4708510301		TRUST UNIT 1H (11882.1)	8,666,085	4,836,616	
	 	1	4708510302		TRUST UNIT 2H (11883.1)	7,924,383	4,374,468	
43	320200310	1	4708510310		ANDERSON UNIT 2H (11969.1	5,917,975	3,131,869	
43	320200311	1	4708510311		RAINES UNIT 1H (11706.1)	5,202,125	2,807,092	
	320200313		4708510313		RAINES UNIT 3H (11708.1)	6,088,793	3,242,673	
43	320200352	1	4708510352		VERNON UNIT 1H (12141.1)	10,885,533	6,272,889	
43	320200367	1	4708510367		BARR UNIT 1H (12564.1)	10,065,558	5,718,846	
43	320200368	1	4708510368		BARR UNIT 2H (12565.1)	7,716,352	4,349,265	
43	320210240	1	4708510240		AR BILL UNIT 1HST	4,113,721	1,661,613	
43	320210241	1	4708510241		AR BILL UNIT 2H	4,362,250	1,781,100	
43	320210243	1	4708510243		AR BUFFALO UNIT 2H	4,318,339	1,700,859	
43	320210249	1	4708510249		AR BUFFALO UNIT 1H	3,048,058	1,156,497	· · · · · · · · · · · · · · · · · · ·
43	320210257	1	4708510257		AR BILL UNIT 3H	4,191,870	1,708,295	
43	320210320	1	4708510320		AR GOLIAD UNIT 1H	5,496,786	2,459,020	
43	320210322	1	4708510322		AR MASTER UNIT 2H	6,362,601	2,171,510	
43	320210330	1	4708510330		AR GRIFF UNIT 2H	8,494,273	3,997,155	
43	320210331	1	4708510331	 	AR GRIFF UNIT 3H	8,688,090	4,084,899	
43	320210332	1	4708510332		AR HEX UNIT 1H	8,207,641	3,798,961	
43	320210333	1	4708510333	<u> </u>	AR HEX UNIT 3H	8,856,533	4,127,063	
43	320210334	1	4708510334	}	AR GRABEN UNIT 1H	4,494,002	1,945,483	
43	320210336	1	4708510336	 	AR GRABEN UNIT 3H	3,799,681	1,620,435	
43	320210338	1	4708510338		AR CENTERVILLE UNIT 2H	7,693,194	3,468,361	4,224,833
43	320210339	1	4708510339		AR SHORT RUN UNIT 1H	7,184,966	3,191,694	3,993,272
43	320210340	1	4708510340		AR SHORT RUN UNIT 2H	7,404,609	3,289,872	4,114,737
43	320210341	1	4708510341		AR CINQMARS UNIT 1H	5,386,624	2,013,551	3,373,073
43	320210342	1	4708510342		AR CINQMARS UNIT 2H	5,688,073	2,115,108	3,572,965
43	320210345	1	4708510345		AR GOLIAD UNIT 2H	5,765,387	2,146,214	···
43	320210346	1	4708510346		AR RAY UNIT 1H	3,631,021		
43	320210347	1	4708510347		AR RAY UNIT 2H	4,269,297		

		# of		API # for Second Well		0.4		Value the Taxpayer
CY	Account #	# 01 Wells	API#	(if applicable)	Property Description	State Appraised. Value	Taxpayer Value	Believes to be in Controversy
43	320210348	1	4708510348		AR RAY UNIT 3H	3,893,465	1,328,923	2,564,542
43	320210349	1	4708510349		AR SWARTZMILLER UNIT 1H	3,781,087	1,339,915	2,441,172
43	320210350	1	4708510350		AR SWARTZMILLER UNIT 2H	3,508,477	1,193,404	
43	320210353	1	4708510353		AR WALDO UNIT 1H	5,577,123	2,285,761	2,315,073
43	320210354	1	4708510354		AR WACO UNIT 1H	6,418,488	2,647,546	3,291,362
43	320210355	1	4708510355		AR WALDO UNIT 2H			3,770,942
43	320210356	1	4708510356		AR WACO UNIT 2H	6,337,744	2,642,264	3,695,480
43	320210357	1	4708510357		AR CHRISTOPHER UNIT 1H	6,187,273 6,853,179	2,546,937	3,640,336
43	320210358	1	4708510358		AR CHRISTOPHER UNIT 2H		2,592,647	4,260,532
43	320210360	1	4708510360		AR MASTER UNIT 1H	5,961,434	2,226,713	3,734,721
43	320210360	1	4708510361			5,884,960	1,960,495	3,924,465
43	320210361	1	4708510363		AR MASTER UNIT 3H	5,985,520	2,037,492	3,948,028
43	320210363	1	4708510364		AR LEEROY UNIT 2H	6,056,226	2,429,661	3,626,565
43	320210365	1	4708510364		AR LEEROY UNIT-3H	6,022,168	2,427,417	3,594,751
43	320210365	1	4708510365		AR HAYES UNIT 1H	5,985,846	2,662,650	3,323,196
43	320210306	1-			AR HAYES UNIT 2H	8,626,573	3,813,655	4,812,918
43		1	4708510376		AR HAYHURST UNIT 1H	4,161,798	1,302,229	2,859,569
	320210377		4708510377		AR HAYHURST UNIT 2H	4,065,931	1,262,650	2,803,271
43	320210378	1	4708510378		AR EVERLY UNIT 1H	2,895,320	808,019	2,087,301
43	1020149960	1	4708509960		Nicholson Unit 2H (10207.	1,026,880	449,641	577,239
43	1020150002	1	4708510002		Kuhn Unit 1H (10724.1)	790,180	349,060	441,120
43	1020150023	11	4708510023		Constable Unit 1H (10326.	2,010,724	975,222	1,035,502
43	1020159961	1	4708509961		Nicholson Unit 1H (10267.	749,730	303,967	445,763
43	1020159964	11	4708509964		O'Neil Unit 1H (10275.1)	1,636,605	778,531	858,074
43	1020159966	1	4708509966		O'Neil-Unit 2H (10276.1)	1,176,727	534,199	642,528
43	1020159970	- 1	4708509970		Prunty Unit 1H (10288.1)	2,147,913	1,117,036	1,030,877
43	1020159978	1	4708509978		Pullman Unit 2H (10261.1)	751,463	317,520	433,943
43	1020160005	1	4708510005		Ireland Unit 1H (10738.1)	3,552,453	1,740,461	1,811,992
43	1020160017	1	4708510017		Allstate Unit 2H (10424.1	2,021,408	-1,135,452	885,946
43	1020160019	1	4708510019		McCabe Unit 3H (10423.1)	2,382,554	1,254,238	1,128,316
43	1020160045	1	4708510045		Langford Unit 2H (10566.1	2,834,794	1,427,637	1,407,157
43	1020160046	1	4708510046		Rufus Unit 1H (10398.1)	3,963,304	2,071,202	1,892,102
43	1020169996	1	4708509996		Snodgrass Unit 2H (10535.	2,046,872	1,005,836	1,041,036
43	1020169999	1	4708509999		Deberry Unit 1H (10296.1)	3,591,581	1,894,661	1,696,920
43	1020170044	11	4708510044		Langford Unit 1H (10397.1	3,504,704	1,771,120	1,733,584
43	1020170102	1	4708510102		Duckworth Unit 1H (10528.	2,661,993	1,346,956	1,315,037
43	1020170103	1	4708510103		Duckworth Unit 3H (10529.	1,874,282	935,732	938,550
43	1020170138	1	4708510138		Stalnaker Unit 3H (10530.	1,910,173	615,684	1,294,489
43	1020170139	1	4708510139		Stalnaker Unit 1H (10531.	1,374,366	863,535	510,831
43	1020180204	1	4708510204		Left Fork Unit 1H (10280.	5,255,152	2,969,418	2,285,734
43	1020180205	1	4708510205		Left Fork Unit 3H (10532.	4,334,861	2,464,605	1,870,256
43	1020180206	1	4708510206		Left Fork Unit 4H (10533.	5,281,409	2,983,119	2,298,290
43	1020210214	1	4708510214		AR HUGHES RIVER UNIT 2H	5,649,206	1,652,765	3,996,441
43	1020210215	1	4708510215		AR KAREN UNIT 1H	6,373,249	1,739,348	4,633,901
43	1020210216	1	4708510216		AR KAREN UNIT 3H	5,333,953	1,419,717	3,914,236
43	1020210265	1	4708510265		AR HUGHES RIVER UNIT 3H	6,641,153	1,959,659	4,681,494
43	1020210323	1	4708510323		AR PRITCHARD UNIT 2H	6,469,031	2,004,037	4,464,994
43	1020210369	1	4708510369		AR HUGHES RIVER UNIT 1H	5,267,434	1,519,795	3,747,639
43	1020210370	1	4708510370		AR KAREN UNIT 2H	5,537,231	1,494,503	4,042,728
						681,578,407	327,234,547	354,343,860

· }

RITCHIE COUNTY TAX APPEAL HEARING



SUMMARY

Antero wants to be a responsible and supportive partner with Ritchie County and expects to pay its fair share of taxes to support the County. But Antero cannot pay an unfairly inflated amount of taxes that violates the law. The current tax assessment made by Ritchie County and the Tax Department severely overcharged Antero for several reasons.

- By treating Antero differently from its peers simply because Antero sells natural gas out of state, the County violates both the Equal Protection and Dormant Commerce Clauses.
- The ad valorem tax imposed by the county is arbitrary and capricious, as the Tax Department's own June 2020 Guidance confirmed.
- The State's attempt to withdraw unilaterally the June 2020 Guidance in October 2020 was itself arbitrary and capricious and thus violated the West Virginia Administrative Procedures Act and the Due Process Clauses of the Federal and West Virginia Constitutions.



ANTERO MAKES SIGNIFICANT CONTRIBUTIONS TO RITCHIE COUNTY

- Royalties*:
- Royalties attributable to wells located in Ritchie County: \$258MM
- Royalties paid to mineral owners living in Ritchie County: \$63MM

*Data is a total from 2018-2020

- Property Tax Revenues: \$23.4MM paid in property taxes to Ritchie County over the last three years.
- Road Upgrades: \$4.1MM spent on road improvements in Ritchie County over the last three years.

ANTERO'S COMMUNITY PARTNERSHIP

2021 – Completions Team upgraded Ellenboro community gymnasium, donating 40 community service hours	Support Ritchie County High School Athletics
Support local fairs and festivals: Country Roads Festival, Ritchie County Fair, etc.	Ritchie County Fair – Annual \$k donation since 2013

urs

Thousands donated in support of local

Thousands donated in support of

Ritchie County Livestock Sales

Support Ritchie County Youth

Athletics

food pantries in Ritchie County

2016 - Pennsboro Train Depot

Rehabilitation Project



RITCHIE COUNTY OPENING DAY 2017 & PENNSBORO TRAIN DEPOT 2016











THE FEDERAL AND STATE CONSTITUTIONS REQUIRE THAT ANTERO BE TREATED THE SAME AS IN-STATE GAS SELLERS

- The Fourteenth Amendment to the U.S. Constitution provides that "[n]o State shall ... deny to any person with its jurisdiction the equal protection of the laws." U.S. Const. amend. XIV, § 2.
- The West Virginia Constitution likewise mandates that "taxation shall be equal and uniform throughout the state" W. Va. Const. art. X, § 1.
- others of the same class." E.g., Allegheny Pittsburgh Coal Co. v. Webster Cty. Each of these Clauses bars state action that "selects [particular persons] out for discriminatory treatment by subjecting [them] to taxes not imposed on Comm'n, 488 U.S. 336, 342-46 (1989)

THE FEDERAL CONSTITUTION LIKEWISE PROHIBITS THE STATE FROM DISCRIMINATING AGAINST ANTERO FOR DOING **BUSINESS OUT OF STATE**

- measures designed to benefit in-state economic interests by burdening out-of-Commerce Clause prohibits economic protectionism—that is, regulatory state competitors." Fulton Corp. v. Faulkner, 516 U.S. 325, 330 (1996). As the U.S. Supreme Court has explained, "[i]n its negative aspect, the
- crosses state lines than when it occurs entirely within the State." Armco Inc. "That is, a State may not tax a transaction or incident more heavily when it v. Hardesty, 467 U.S. 638, 642, 104 S. Ct. 2620, 2622, 81 L. Ed. 2d 540 (1984)
- Wayfair, Inc., 138 S. Ct. 2080, 2091 (2018), or subjects a party to the "risk of Thus, when a tax "discriminate[s] against interstate commerce," S. Dakota v. a multiple [tax] burden," Gwin, White & Prince, Inc. v. Henneford, 305 U.S. 434, 439 (1939), it is unconstitutional.



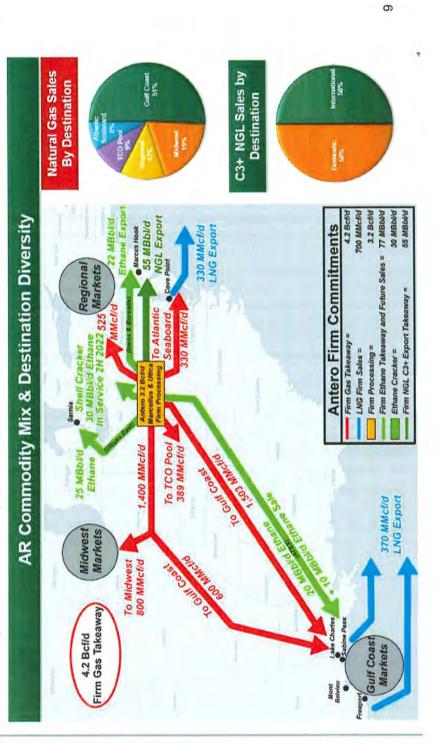
THE AD VALORUM TAX REGIME VIOLATES BOTH OF THOSE FOUNDATIONAL CONSTITUTIONAL PRINCIPLES

- Antero sells the same product as its local competitors: natural gas produced in West Virginia.
- deems non-deductible—the taxable value of Antero's property is artificially But because Antero chooses to sell its gas out of state—and thus incurs higher postproduction expenses than local competitors, which the state
- compared to those of its competitors for Tax Year 2021 confirms this disparity. A review of the taxes assessed on Antero's wells in Ritchie County as

3 Diversity of Product & Destination

Antero

Antero's liquids-rich strategy and diversified firm transportation portfolio allows it to capture commodity price upside both domestically and internationally





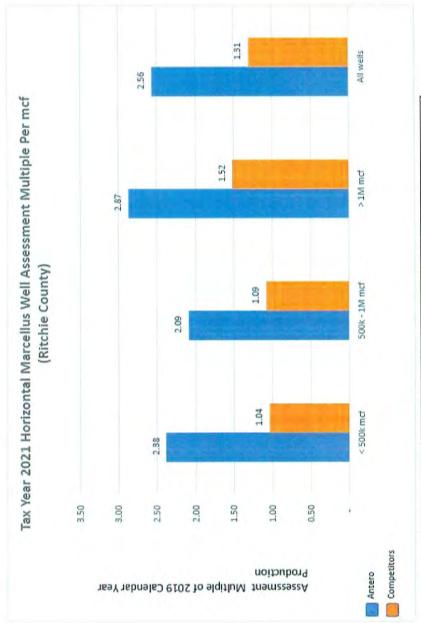
ANTERO RESOURCES CORPORATION TY21 WEST VIRGINIA AVERAGE \$ PER WELL

WEST VIRGIINIA

			Ave	Average \$/ Well	
	TOTAL		_	967 wells)	
athering and Compression	\$ 239,000,000	000'00	\$	250,000	
Processing	\$ 742,660,000	0000'09	\$	770,000	
Transportation	\$ 570,090,000	00000	\$	290,000	
TOTAL	\$ 1,551,750,000	0000'0	Ş	1,610,000	

RITCHIE

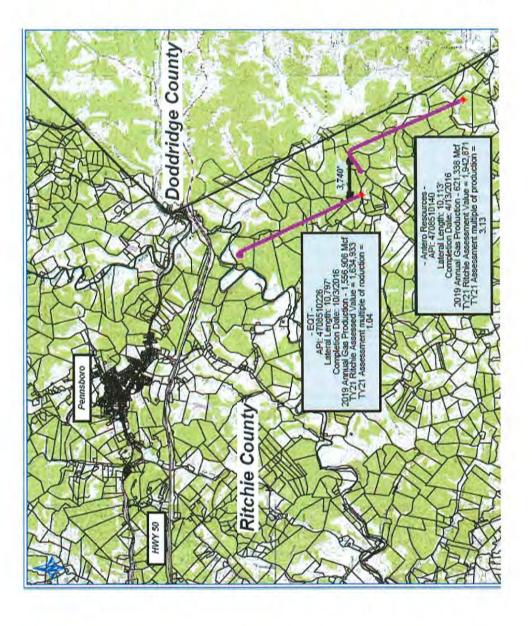
		Average \$ / Well
	TOTAL	(158 wells)
Gathering and Compression \$	42,790,000	\$ 270,000
Processing \$	166,920,000	\$ 1,060,000
Transportation \$	123,370,000	\$ 780,000
TOTAL \$	333,080,000	\$ 2,110,000



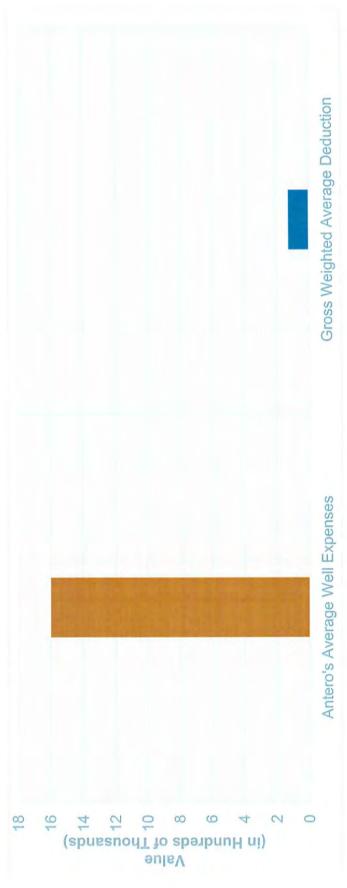
Well Count	< 500k mcf	500k - 1M mcf	> 1M mcf	Total
Antero	18	33	61	112
Competitors	25	89	40	73







ANTERO'S EXPENSES ARE MORE THAN TEN TIMES THE GROSS WEIGHTED AVERAGE DEDUCTION





A TAX REGIME THAT TREATS ANTERO DIFFERENTLY BECAUSE IT SELLS GAS OUT OF STATE IS UNCONSTITUTIONAL

- tax regime denies Antero "equal protection of the law." Allegheny, 488 U.S. at By significantly and artificially inflating the taxable value of Antero's wells in Richie County simply because Antero sells gas out of state, the ad valorem
- Indeed, the Circuit Court of Doddridge County held in a parallel litigation that the tax regime "disparately" taxed well owners with vastly different federal equal protection principles. Circuit Court of Doddridge County, Business Court Division, Case Nos. 17-AA-1 & 17-AA-3, January 17, actual expenses for no "plausible" reason and thus violated state and 2018, Order Re: Doddridge (Wilkes, J.).

A TAX REGIME THAT TREATS ANTERO DIFFERENTLY BECAUSE IT SELLS GAS OUT OF STATE IS UNCONSTITUTIONAL (CONTINUED)

- commerce," the ad valorem tax regime presents a textbook violation of the Dormant Commerce Clause. See Nw. States Portland Cement Co. v. Similarly, by taxing Antero for the "privilege' of engaging in interstate Minnesota, 358 U.S. 450, 458 (1959).
- Antero to "sell [its] gas at the wellhead" in West Virginia if it wants to "pay less taxes." Tr. of Oct. 8. 2019 Hrg. Before Doddridge Cty. Comm'n at 27; Tr. of Oct. 10, 2019, Hrg. Before Harrison Cty. Comm'n at 33. In fact, the State has conceded that the tax regime's purpose is to discriminate against interstate commerce, as they have instructed

EVEN THE STATE RECOGNIZES THAT THE AD VALOREM TAX REGIME IS UNCONSTITUTIONAL

- issued new guidance in June 2020 regarding how to calculate "gross receipts" Recognizing that the ad valorem tax regime unconstitutionally discriminates against out-of-state sellers of natural gas like Antero, the Tax Department when calculating the taxable value of gas wells.
- That June 2020 Guidance confirmed that existing law does, in fact, permit gas determining taxable value, because the prior approach illegally "overvalued" sellers like Antero to net out production costs from gross receipts when wells for tax purposes.
- · In other words, the State accepted the very argument that Antero has advanced since 2017.



JUNE 2020 GUIDANCE

Please note that the return requires you to provide the gross receipts from field line sales of natural gas and oil. W. Va. C.S.R. § 110-IJ-3.8 reads:

well, at the field line point of sale, during a calendar year before "Gross receipts" means total income received from production on any subtraction of any royalties and/or expenses. When sale of the natural gas or oil produced from a well is not sold in a field line sales transaction, then the gross proceeds of sales derived from the sales transaction needs to be adjusted to approximate the gross receipts you would have received had the sale been a field line sales transaction.

JUNE 2020 GUIDANCE (CONTINUED)

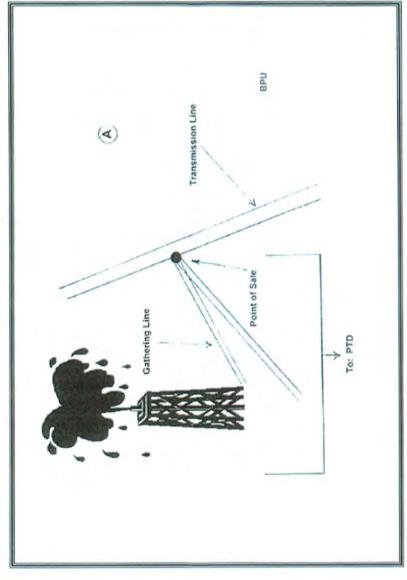
99

purposes, it is important that you appropriately adjust actual gross proceeds of sale to in field line sales transactions. To avoid having your well overvalued for property tax We recognize that due to deregulation of the natural gas industry not all gas is sold today properly reflect the gross receipts you would have received had the sales transaction been a field line point of sale.



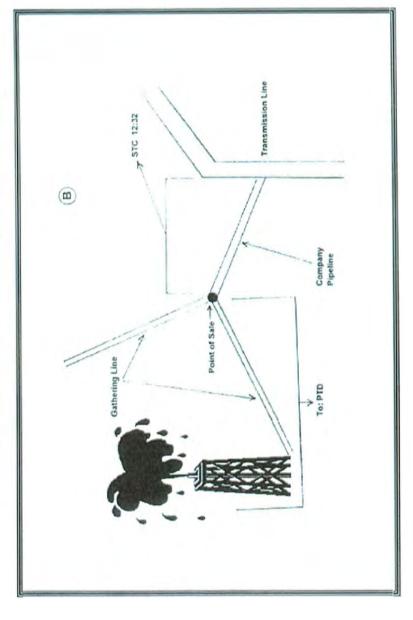


JUNE 2020 GUIDANCE (CONTINUED)





JUNE 2020 GUIDANCE (CONTINUED)



THE JUNE 2020 GUIDANCE ALSO CORRESPONDED WITH THE RULINGS OF THE WEST VIRGINIA SUPREME COURT

- ruling of the West Virginia Supreme Court in Steager v. Consol Energy, Inc., against out-of-state sellers like Antero, the Tax Department also echoed the By finally acknowledging that the ad valorem tax scheme discriminated 242 W. Va. 209 (2019).
- natural gas well owners from netting out their production costs from gross receipts, the ad valorem tax scheme disparately taxed well owners for no As the West Virginia Supreme Court recognized in that case, by barring lawful reason.

THE STATE ATTEMPTS TO BACKTRACK FROM THE JUNE 2020 GUIDANCE

 Antero attempted to follow the June 2020 Guidance by capturing the field line point of sale, but that calculation was rejected by the State. · In fact, once the State recognized the implications of its June 2020 Guidance, it attempted to reverse course in October 2020 by purporting to withdraw that June 2020 Guidance.

OCTOBER 2020 WITHDRAWAL

NOTICE OF WITHDRAW OF IMPORTANT NOTICE TO PRODUCERS OF NATURAL GAS AND OIL FOR PROPERTY TAX YEAR 2021

producers to adjust the gross receipts reported in their upcoming ad valorem property tax On or around June 30, 2020, the West Virginia State Tax Department published (hereinafter, the "2021 TY Notice"). The 2021 TY Notice purported to allow such returns to approximate the gross receipts the producers would have incurred if they sold an Important Notice to Producers of Natural Gas and Oil for Property Tax Year 2021 oil and gas at the field line point of sale.

After further consideration, it is my determination that the 2021 TY Notice was issued without legal authority, was void, and is ineffective. It is also my determination that it must be withdrawn.

THE STATE'S REFUSAL TO PERMIT ANTERO TO NET OUT PRODUCTION COSTS FROM GROSS RECEIPTS WHEN CALCULATING ITS 2021 TAX LIABILITY IS ILLEGAL

- As the June 2020 Guidance admits, the ad valorem tax "overvalue[s] for property tax purposes" the value of Antero's gas wells far beyond their statutory required "true and actual value."
- out their production costs from gross receipts—had no rational basis and was position—in which it claimed that out-of-state sellers like Antero could not net · In fact, by issuing the June 2020 Guidance, the State conceded that its prior instead "arbitrary or capricious."
- That is the definition of a violation of the West Virginia Administrative Procedures Act.

THE STATE'S PURPORTED "WITHDRAWAL" OF THE JUNE 2020 GUIDANCE IN OCTOBER 2020 CONFIRMS ANTERO'S POSITION.

- confirmed that the June 2020 Guidance completely undermined its prior claim By trying to withdraw the June 2020 Guidance in October 2020, the State that Antero could not net out its production costs from gross receipts.
- The West Virginia's decision in Consol Energy further reinforces that
- rules are "silent" and "ambigu[ous]" on the question of whether entities There, the Court held that the applicable tax statutes and legislative could net out their production costs for gross receipts.
- By issuing the June 2020 Guidance, the State thus clarified the existing law, as it applies to Antero's 2021 Tax Liability.

THE OCTOBER 2020 WITHDRAWAL IS ALSO ILLEGAL

- Guidance are correct, the State's attempted withdrawal of that guidance itself violated the West Virginia Administrative Procedures Act and Antero's Due Besides confirming that Antero's arguments regarding the June 2020 Process rights.
- like a bee buzzing from flower to flower, making up its rules and policies as it goes along." State ex rel. Hoover v. Berger, 199 W. Va. 12, 19, 483 S.E.2d "[A]n agency will not be permitted to [flit] serendipitously from case to case, It is blackletter law that agencies cannot flip-flop positions as they please. 12, 19 (1996).

THE OCTOBER 2020 WITHDRAWAL IS ALSO ILLEGAL (CONTINUED)

- including a rational connection between the facts found and the choice made." supply a reasoned analysis for the change," meaning that it "must examine Rather, "an agency changing its course by rescinding a rule is obligated to Motor Vehicles Manufacturers Ass'n v. State Farm Mutual Automobile Ins. the relevant data and articulate a satisfactory explanation for [its] action Co., 463 U.S. 29, 42 (1983).
- of the October 2020 Withdrawal was that the June 2020 Guidance effectuated That did not happen here, as the only reason offered by the State in support a "substantive change."

BUT THE JUNE 2020 GUIDANCE WAS NOT A "SUBSTANTIVE CHANGE" IN THE LAW.

- Nothing in the June 2020 Guidance changed West Virginia's laws.
- As before, "natural resources property" (including natural gas wells) must be taxed according to its "true and actual value."
- And as before, "operating expenses" are defined as "only those ordinary expenses which are directly related to the maintenance and production of natural gas and/or oil."
- interpretation of the definition of "gross receipts," as the Tax Department was free to do following the West Virginia Supreme Court's ruling in Steager. Instead, the June 2020 Guidance simply changed a prior agency



THE STATE IS ALSO WRONG WHEN IT CLAIMS THAT THE JUNE 2020 GUIDANCE DISPLACED A "LONGSTANDING AND REASONABLE" CONSTRUCTION OF THE LAW

- 2020 Guidance displaced a "longstanding and reasonable" construction of the The State invokes the West Virginia's decision in Consol to argue that June law that required the State to go through the "mandatory procedures" of the Administrative Procedures Act when issuing that guidance.
- formula. And in any event, Consol analyzed a different provision than the one But Consol recognized that the State has discretion to determine a tax clarified by the June 2020 Guidance.
- expenses" in W. Va. C.S.R. § 110-1J-3.16; i.e., the "below the line" Consol analyzed the State's interpretation of the word "operating operating expense deduction.
- But the June 2020 Guidance clarifies W. Va. C.S.R. § 110-1J-3.8, the rule defining "gross receipts ... at the field line point of sale"; i.e., an "above-the-line" calculation.



UNDER THE STATE'S OWN REASONING, THE OCTOBER 2020 WITHDRAWAL IS INEFFECTIVE AND VOID BECAUSE IT DID NOT GO THROUGH THE APA'S "MANDATORY PROCEDURES"

- Under the State's own argument that substantive rules must adhere to the APA's "mandatory procedures," the October 2020 Withdrawal is invalid. For instance:
- The October 2020 Withdrawal was not "promulgated with the Secretary of Revenue's 'written consent' as required by West Virginia Code § 5F-2-2(a)(13)," as only Commissioner Steager signed the
- "Mr. Steager did not file a notice of rulemaking or the text of the" October 2020 Withdrawal "in the State Register," as required by West Virginia Code § 29A-3-5.49
- The Tax Commissioner did not "fix a date, time, and place for the receipt of public comment' on the [October 2020 Withdrawal] as required by West Virginia Code § 29A-3-5.".
- Withdrawal] for final adoption as required by West Virginia Code § 29A-3-8(a)," as the agency never Nor did the Tax Commissioner "wait for the close of public comments to consider the [October 2020 called for public comments.
- "And" finally, "the Tax Commissioner never 'file[d] the text of the' [October 2020 Withdrawal] with 'its notice of adoption in the State Register' as required by West Virginia Code § 29A-3-8(b)."

THE OCTOBER 2020 WITHDRAWAL OTHERWISE FAILED TO CONSIDER "RELIANCE INTERESTS" OF THE PUBLIC

- interests that must be taken into account." Department of Homeland Security v. Regents of Univ. of Cal., 140 S. Ct. 1891, 1913 (2020). A State's failure to cognizant that longstanding policies may have engendered serious reliance It is well settled that "[w]hen an agency changes course ... it must be do so renders its change in position "arbitrary and capricious." Id.
- interests of Antero and others, let alone offer a "reasoned explanation" for why Yet nowhere does the October 2020 Withdrawal even mention the reliance the policy change is nonetheless proper.

PERMITTING THE STATE TO DISAVOW ITS OWN POSITION FROM THE JUNE 2020 GUIDANCE WOULD THEREFORE BE ILLEGAL

- For all of these reasons, permitting the State to distance itself from the June would amount to a violation of the West Virginia Administrative Procedures 2020 Guidance simply because it purported to withdraw it in October 2020
- arbitrary or capricious and that the requirements therein shall have a real and Due Process. After all, it is axiomatic that due process "guarantees against It would also violate Antero's federal and state constitutional guarantees of arbitrary [government action], demanding that it shall not be unreasonable, substantial relation to the purpose of the [action]." O'Neil v. City of Parkersburg, 160 W.Va. 694, 699, 237 S.E.2d 504, 509 (1977).
- · As the West Virginia Supreme Court put it: "Arbitrary and irrational" state action "violate[s] the federal and state constitutional guarantees of due process." Thomas v. Rutledge, 280 S.E.2d 123, 128 (W. Va. 1981)



Dave Hardy Secretary of Revenue



Dale W. Steager
State Tax Commissioner

IMPORTANT NOTICE TO PRODUCERS OF NATURAL GAS AND OIL FOR PROPERTY TAX YEAR 2021

Your natural gas and oil property tax return for the 2021 property tax year is due Monday, August 3, 2020. This is because the statutory return due date, August 1, 2020, falls on a Saturday this year, which automatically extends the due date to August 3, 2020.

The format and content of the return is like the returns you filed in prior years, except the dates in the form have been updated.

Please note that the return requires you to provide the gross receipts from **field line** sales of natural gas and oil. W. Va. C.S.R. § 110-IJ-3.8 reads:

"Gross receipts" means total income received from production on any well, at the field line point of sale, during a calendar year before subtraction of any royalties and/or expenses.

When sale of the natural gas or oil produced from a well is not sold in a field line sales transaction, then the gross proceeds of sales derived from the sales transaction needs to be adjusted to approximate the gross receipts you would have received had the sale been a field line sales transaction.

For many years, an attachment has been posted at the Property Tax webpage illustrating the field line point of sale concept. A copy of this attachment is attached.

We recognize that due to deregulation of the natural gas industry not all gas is sold today in field line sales transactions. To avoid having your well overvalued for property tax purposes, it is important that you appropriately adjust actual gross proceeds of sale to properly reflect the gross receipts you would have received had the sales transaction been a field line point of sale.

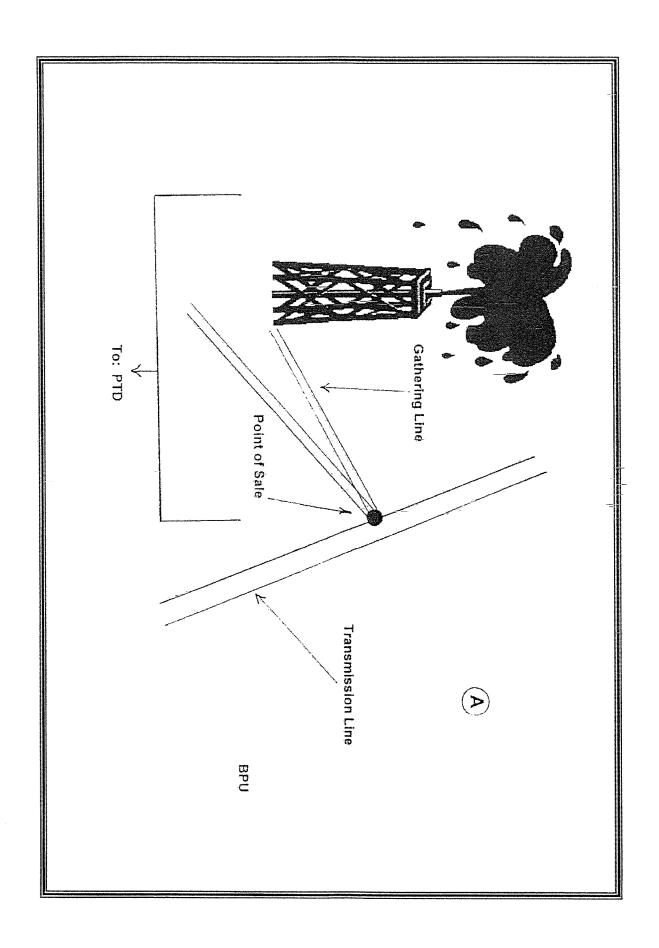
Sincerely yours,

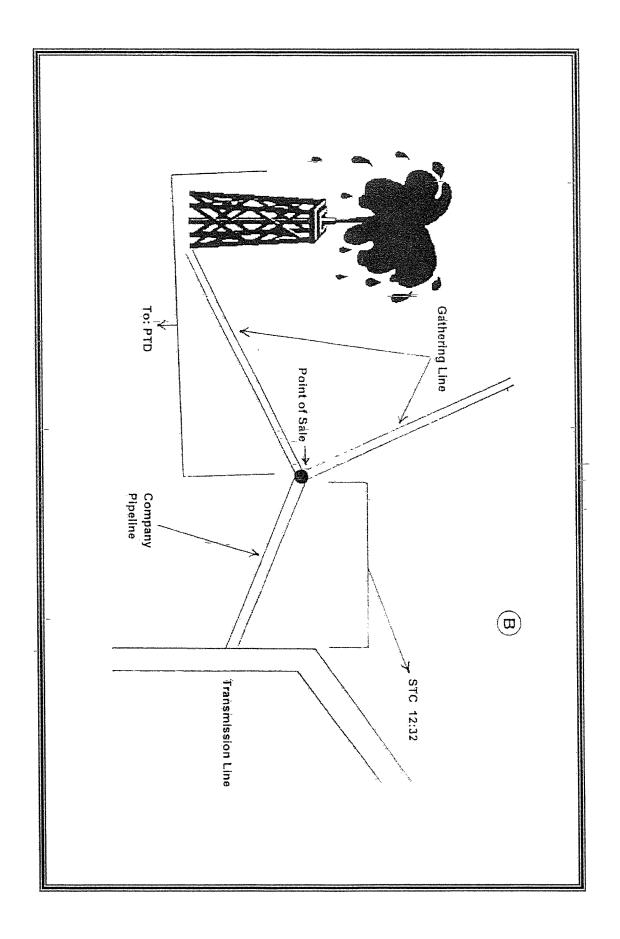
Dale W. Steager

State Tax Commissioner

aensez

June 30, 2020





Dave Hardy
Secretary of Revenue



Dale W. Steager State Tax Commissioner

NOTICE OF WITHDRAW-OF-IMPORTANT NOTICE TO PRODUCERS OF NATURAL GAS AND OIL-FOR PROPERTY TAX YEAR 2021

On or around June 30, 2020, the West Virginia State Tax Department published an *Important Notice to Producers of Natural Gas and Oil for Property Tax Year 2021* (hereinafter, the "2021 TY Notice"). The 2021 TY Notice purported to allow such producers to adjust the gross receipts reported in their upcoming ad valorem property tax returns to approximate the gross receipts the producers would have incurred if they sold oil and gas at the field line point of sale.

After further consideration, it is my determination that the 2021 TY Notice was issued without legal authority, was void, and is ineffective. It is also my determination that it must be withdrawn.

The 2021 TY Notice constitutes a material and substantive change of the application of the Tax Department's legislative rules. Notably, the Supreme Court of Appeals of West Virginia recently concluded that the "average annual industry operating expense" deduction available for oil and gas producers must be calculated using "a singular monetary average." Syl. Pt. 12, Steager v. Consol Energy, 242 W. Va. 209, 213, 832 S.E.2d 135, 137 (2019). It further found that the Tax Department excluded "gathering, compressing, processing, and transportation expenses" from the calculation of this singular monetary average, id. at 221, 832 S.E.2d at 147, and that this was "a reasonable construction of the" applicable "regulations." Id. at 223, 832 S.E.2d at 149.

The Tax Department's 2021 TY Notice materially changed the longstanding and reasonable construction Consol Energy affirmed by purporting to allow producers to reduce their gross receipt reporting as if their sales occurred at the field line. Application of the 2021 TY Notice would also substantively and materially affect private and public interests including those of the oil and gas producers, the counties, and the State as a whole.

While certain policy decisions are vested with the Tax Department, material changes to those policies must be implemented by rule-making or by statute. W. Va. Code § 29A-1-2(j), id. § 11-3-33 (2020). A rule" is defined by statute to include:

[E]very rule, standard or statement of policy or interpretation of general application and future effect, including the amendment or repeal of the rule, affecting constitutional, statutory or common law rights, privileges or interests, or the procedures available to the public, adopted by an agency

to implement, extend, apply, interpret or make specific the law enforced or administered by it.

Id. § 29A-1-2(j)...

All rules must "be promulgated . . . only in accordance with" Article 3 of Chapter 29A of the Code, see id. § 29A-3-1, which requires appropriate notice in the State Register, id. § 29A-3-4(a), an opportunity for public comment, id. § 29A-3-5, and the written consent of the cabinet secretary under which an agency is incorporated. Id. § 5F-2-2(a)(13). Substantive changes—like those in the 2021 TY Notice—must be implemented by legislative rule or by statute because only these have the "force of law." Appalachian Power Co. v. State Tax Dep't of W. Va., 195 W. Va. 573, 583, 466 S.E.2d 424, 434 (1995). Both avenues demand a robust process designed to involve public input on material and substantive changes in policy. Additionally, both legislative rules and statutes require the approval of the Legislature and Governor before they become effective. W. Va. Const. art. VII, § 14; W. Va. Code §§ 29A-3-12, 29A-3-13.

The 2021 TY Notice did not comply with these requirements. Neither legislative rule-making nor statutory procedures were utilized to issue the 2021 TY Notice. Even the less-robust notice and comment requirements for other rules were not followed. The 2021 TY Notice is, therefore, "void and ineffective." Coordinating Council for Indep. Living, Inc. v. Palmer, 209 W. Va. 274, 284, 546 S.E.2d 454, 464 (2001). The 2021 TY Notice was issued without legal authority; and therefore, it must be withdrawn.

Of course, the methodology for calculating oil and gas producers' and valorem property tax valuation is subject to the directives of the Legislature. The Tax Department's longstanding interpretations of applicable regulations may be modified by either a proper legislative rule or by statute. But until such time, the average annual industry operating expense deduction available in West Virginia Code of State Rules §§ 110-1J-4.1 and 110-1J-4.3 (2005) must be calculated in accordance with precedent of the Supreme Court of Appeals of West Virginia. Consol Energy, 242 W. Va. at 223-24, 832 S.E.2d at 149-50. According to this precedent, post-production expenses—like "gathering, compressing, processing, and transportation" expenses—are not "directly related" to the "maintenance and production" of oil and gas and therefore, are not included in the average annual industry operating expense deduction. Id. at 223, 832 S.E.2d at 149. Inasmuch as Consol Energy affirmed the Tax Department's refusal to allow deductions for post-production expenses, the continued denial of these deductions does not over-value the oil and gas wells in this State.

The Important Notice to Producers of Natural Gas and Oil for Property Tax Year 2021 issued on or around June 30, 2020, is hereby withdrawn as non-compliant with mandatory rule-making or statutory procedures. It is therefore, void and has no legal effect.

As a result, when determining the value of an oil and gas well for the 2021 Tax Year, the Tax Department will review both the information submitted on the STC-1235 West Virginia Oil and Gas Producer/Operator Return for the 2021 Tax Year along with

other sources of data available to the agency. This will include a review of the best information available to determine whether a taxpayer took an impermissible deduction from gross proceeds outside of that allowed for the "average annual industry operating expense." To that end, the Tax Department will also accept any additional information provided by a producer to determine the actual appraised value of a given oil and gas well.

Sincerely yours,

Dale W. Steager

State Tax Commissioner

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October 9, 2020

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CY	Account #	TY21 Tax Ticket #	Check#	# of Wells	API#	API # for Second Well (if applicable)	Property Description	State Appraised Value	Taxpayer Value	Value the Taxpayer Believes to be in Controversy	First Half Tax paid on WI value owned by Antero
43	320180244	300301	4000223	1	4708510244		Charleston Unit 3H (11521	6,201,527	3,687,222	2,514,305	41,034.27
43	320180268	300301	4000223	1	4708510268		Charleston Unit 2H (11524	5,782,168	3,498,356	2,283,812	38,259.46
43	320170143	300306	4000223	1	4708510143		Ericson Unit 2H (10694.1)	5,937,635	3,389,570	2,548,065	39,288.17
43	320170144	300306	4000223	1	4708510144		Ericson Unit 3H (10695.1)	2,849,858	1,538,851	1,311,007	18,856.91
43	320170146	300307	4000223	1	4708510146		Bow Unit 1H (11418.1)	1,673,713	806,265	867,448	11,074.61
43	320170157	300307	4000223	1	4708510157		Bow Unit 2H (10670.1)	2,660,592	1,386,995	1,273,597	17,604.62
43	320180213	300307	4000223	1	4708510213		Bow Unit 3H (11476.1)	5,322,846	3,201,558	2,121,288	35,220.22
43	320170163	300308	4000223	1	4708510163		Musgrave Unit 1H (10686.1	3,305,244	1,790,243	1,515,001	21,870.12
43	320170191	300308	4000223	1	4708510191		Musgrave Unit 2H (10689.1	3,748,859	2,065,748	1,683,111	24,805.47
43	320179962	300311	4000223	1	4708509962		Cairo-Anna Unit 1H (10588	2,257,991	1,185,110	1,072,881	14,940.68
43	320170015	300311	4000223	1	4708510015		Cairo-Anna Unit 3HRB (105	2,679,905	1,447,502	1,232,403	17,732.40
43	320190291	300325	4000223	1	4708510291		PIPER UNIT 1H (11623.1)	3,536,454	1,755,657	1,780,797	22,694.30
43	320190292	300326	4000223	1	4708510292		PIPER UNIT 2H (11624.1)	2,336,268	1,110,866	1,225,402	14,992.42
43	320180099	300332	4000223	1	4708510099		Penns Park Unit 1H (10692	2,601,827	1,442,779	1,159,048	17,215.76
43	320180100	300332	4000223	1	4708510100		Penns Park Unit 2H (10693	2,500,524	1,381,023	1,119,501	16,545.48
43	320180178	300336	4000223	1	4708510178		Jackknife Unit 1H (11513.	4,897,068	2,891,363	2,005,705	32,402.93
43	320180179	300336	4000223	1	4708510179		Jackknife Unit 2H (11514.	5,411,316	3,185,481	2,225,835	35,805.58
43	320180196	300341	4000223	1	4708510196		McNabb West Unit 1H (1070	7,125,584	4,234,717	2,890,867	46,613.82
43	320180197	300341	4000223	1	4708510197		McNabb West Unit 2H (1070	5,711,293	3,410,528	2,300,765	37,361.76
43	320180198	300341	4000223	1	4708510198		McNabb East Unit 3H (1070	5,162,791	3,086,780	2,076,011	34,544.14
43	320180199 1020180205	300341	4000223	1	4708510199		McNabb East Unit 4H (1071	7,825,298	4,678,602	3,146,696	52,358.91
43	1020180205	310382	4000228	1	4708510205 4708510204		Left Fork Unit 3H (10532.	4,334,861	2,464,605	1,870,256	27,965.85
43	1020180204	310383	4000228	1			Left Fork Unit 1H (10280.	5,255,152	2,969,418	2,285,734	33,902.98
	1020170138	310384	4000228	1	4708510138		Stalnaker Unit 3H (10530. Stalnaker Unit 1H (10531.	1,910,173	615,684	1,294,489	21,230.30
43	1020170139	310384 310385	4000228	1	4708510139 4708510102		<u> </u>	1,374,366	863,535	510,831	21,230.30
43	1020170102	310385	4000228 4000228	1	4708510102		Duckworth Unit 1H (10528. Duckworth Unit 3H (10529.	2,661,993	1,346,956	1,315,037	17,613.90 12,401.73
43	1020170103	310383	4000228	1	4708510103		Left Fork Unit 4H (10533.	1,874,282 5,281,409	935,732 2,983,119	938,550 2,298,290	34,072.38
43	320180180	300337	4000228	1	4708510200		Manos Unit 1H (11512.1)	4,793,701	2,888,648	1,905,053	30,930.80
43	320180180	300337	4000229	1	4708510180		Knoll Unit 2H (10691.1)	3,205,987	1,815,381	1,390,606	20,683.05
43	320180181	300339	4000229	1	4708510181		Brook Unit 1H (11459.1)	4,183,378	2,372,714	1,810,664	26,988.57
43	320180183	300333	4000229	1	4708510283		Miracle Unit 1H (10939.1)	2,369,534	1,209,830	1,159,704	15,286.76
43	320200203	300353	4000229	1	4708510078		STRONSNIDER UNIT 3H (1188	6,761,410	3,789,968	2,971,442	43,620.43
43	-320190170	300255	74000220	1	4708510203		NORMA UNIT 2H (11543.1)	2,683,709	1,267,843	1,415,866	17,313.62
43	320190171	300256	4000230	1	4708510170		PIEDMONT UNIT 1H (11544.1	2,724,572	1,312,562	1,412,010	17,577.25
43	320200299	300236	4000230	1	4708510299		PENNY UNIT 2H (11885.1)	6,942,692	3,786,352	3,156,340	44,789.94
43	320200300	300276	4000230	1	4708510300		PENNY UNIT 3H (11886.1)	5,974,206	3,213,878	2,760,328	38,541.88
43	320190169	300297	4000230	1	4708510169		NORMA UNIT 1H (11542.1)	3,004,503	1,447,535	1,556,968	19,383.19
43	320170165	300310	4000230	1	4708510165		Paige Unit 1H (10669.1)	2,208,040	1,113,665	1,094,375	14,244.91
43	320190296	300330	4000230	1	4708510296		PIPER UNIT 3H (11631.1)	2,491,728	1,177,794	1,313,934	15,990.05
43	320200298	300357	4000230	1	4708510298		PENNY UNIT 1H (11884.1)	7,691,518	4,218,281	3,473,237	49,620.91
43	320200311	300361	4000230	1	4708510311		RAINES UNIT 1H (11706.1)	5,202,125	2,807,092	2,395,033	33,560.88
43	320200313	300362	4000230	1	4708510313		RAINES UNIT 3H (11708.1)	6,088,793	3,242,673	2,846,120	39,281.12
43	1020159978	310372	4000230	1	4708509978		Pullman Unit 2H (10261.1)	751,463	317,520	433,943	4,847.98
43	1020159966	310373	4000230	1	4708509966		O'Neil Unit 2H (10276.1)	1,176,727	534,199	642,528	7,591.52
43	1020159970	310374	4000230	1	4708509970		Prunty Unit 1H (10288.1)	2,147,913	1,117,036	1,030,877	13,857.01
43	1020159964	310393	4000230	1	4708509964		O'Neil Unit 1H (10275.1)	1,636,605	778,531	858,074	10,558.36
43	320190162	300295	-4000231	1	4708510162		DUCHENE UNIT 3H (11629.1)	1,964,661	865,198	1,099,463	12,674.79
43	320190168	300296	4000231	1	4708510168		DUCHENE UNIT 4H (11630.1)	2,312,780	1,052,299	1,260,481	14,920.63
43	320190161	300298	4000231	1	4708510161	·	DUCHENE UNIT 1H (11628.1)	2,687,992	1,260,594	1,427,398	17,341.26
43	320190273	300300	4000231	1	4708510273	 	EARNEST UNIT 1H (11540.1)	3,212,426	1,574,929	1,637,497	20,724.59
43	320160060	300316	4000231	1	4708510060	ļ	Hendershot Unit 1H (10524	2,069,538	1,054,802	1,014,736	13,351.38
43	320160062	300317	4000231	1	4708510062		Hornet Unit 1H (10942.1)	2,758,875	1,343,235	1,415,640	17,798.56
43	320160063	300318	4000231	1	4708510063		Hornet Unit 2H (10937.1)	3,029,289	1,498,606	1,530,683	19,543.09
43	320160088	300320	4000231	1	4708510088	-	Hendershot Unit 2H (10525	2,441,358	1,249,230	1,192,128	15,750.13
43	320190276	300323	4000231	1	4708510276		EARNEST UNIT 2H (11541.1)	4,125,675	2,150,423	1,975,252	26,616.30
43	320190281	300324	4000231	1	4708510281	 	KEROGEN UNIT 2H (11580.1)	1,606,291	733,026	873,265	10,362.80
43	320180155	300334	4000231	1	4708510155		Greenback Unit 1H (10653.	4,470,397	2,566,411	1,903,986	28,840.23
43	320180156	300335	4000231	1	4708510156		Greenback Unit 2H (10679.	4,899,721	2,823,633	2,076,088	31,609.97
43	320180221	300342	4000231	1	4708510221		Eppard Unit 1H (11479.1)	2,785,194	1,602,947	1,182,247	17,968.34
43	320180269	300343	4000231	1	4708510269		Deem Unit 2H (11523.1)	6,486,712	3,661,705	2,825,007	41,848.25
43	1020160005	310390	4000231	1	4708510005		Ireland Unit 1H (10738.1)	3,552,453	1,740,461	1,811,992	22,807.27
43	320150036	300243	4000232	1	4708510036		Blanche Unit 1H (10758.1)	1,777,911	885,198		11,469.99
43	320160027	300244	4000232	1	4708510027		Belle Unit 1H (10351.1)	2,104,314	1,095,139	1,009,175	13,575.72
43	320210348	300251	4000232	1	4708510348		AR RAY UNIT 3H	3,893,465	1,328,923	2,564,542	25,118.22
43	320190194	300257	4000232	1	4708510194		AUBIE UNIT 2H (11626.1)	2,717,788	1,303,937	1,413,851	17,533.48
43	320190233	300258	4000232	1	4708510233		AUBIE UNIT 3H (11627.1)	2,230,594	1,032,896	1,197,698	14,390.41
43	320210353	300259	4000232	1	4708510353		AR WALDO UNIT 1H	5,577,123	2,285,761	3,291,362	35,980.14
43	320210354	300260	4000232	1	4708510354		AR WACO UNIT 1H	6,418,488	2,647,546	 	41,408.11
43	320210355	300261	4000232	1	4708510355		AR WALDO UNIT 2H	6,337,744	2,642,264	3,695,480	40,887.19
43	320210339	300289	4000232	1	4708510339		AR SHORT RUN UNIT 1H	7,184,966	3,191,694		46,352.95
43	320210340	300290	4000232	1	4708510340	1.	AR SHORT RUN UNIT 2H	7,404,609	3,289,872	4,114,737	47,769.94