

February 11, 2014

RECEIVED

FEB 11 2014

PUBLIC SERVICE  
COMMISSION

Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

RE: Joint Application of Magnum Hunter Resources Corporation, NGAS  
Hunter, LLC, Magnum Hunter Production, Inc. and Sentra Corporation  
for Approval of Proposed Reorganization

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and ten copies of the Joint Application of Magnum Hunter Resources Corporation, NGAS Hunter, LLC, Magnum Hunter Production, Inc. and Sentra Corporation for Approval of Proposed Reorganization. Please confirm your receipt of this filing by placing the stamp of your office with the date received on the enclosed additional copies of this letter and the Joint Application.

If you have any questions regarding this filing, please let me know.

Sincerely yours,

WYATT, TARRANT & COMBS, LLP



Francis J. Mellen, Jr.

Enclosures



Mr. Jeff DeRouen  
February 11, 2014  
Page 2

cc: Kentucky Attorney General, Office of Rate & Utility Intervention

60357831.3

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 11 2014

PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE JOINT APPLICATION OF )  
MAGNUM HUNTER RESOURCES )  
CORPORATION, NGAS HUNTER, )  
LLC, MAGNUM HUNTER )  
PRODUCTION, INC. AND SENTRA )  
CORPORATION FOR APPROVAL )  
OF PROPOSED REORGANIZATION )

CASE NO. 2014-\_\_\_\_\_

Magnum Hunter Resources Corporation ("MHR"), NGAS Hunter, LLC ("NGAS"), Magnum Hunter Production, Inc. ("MHP") and Sentra Corporation ("Sentra") (collectively, the "Applicants") jointly file this application ("Application") for approval by the Kentucky Public Service Commission (the "Commission") under KRS 278.020 of a proposed corporate reorganization that will result in a change in the direct ownership and control of Sentra. The proposed reorganization will cause MHR, which now indirectly owns and controls Sentra through NGAS and MHP, to own and control Sentra as a direct, wholly-owned subsidiary.

Sentra is subject to the jurisdiction of the Commission because it owns and operates distribution systems for retail sales of natural gas in south central Kentucky. The Commission granted a Certificate of Public Convenience and Necessity to Sentra by an Order dated November 17, 1998, and Sentra has a tariff on file with the Commission pursuant to that Order. See, *In the Matter of: The Petition of Sentra Corporation for a Certificate of Convenience and Necessity to Construct Facilities, Approval of Financing,*

*Approval of Initial Rates and Operation of a Natural Gas Distribution System for the City of Fountain Run, Kentucky, Case No. 97-429, Order of November 17, 1998.*

For the reasons set forth below in Section IV of this Application, the proposed change in direct ownership and control of Sentra by reason of the proposed reorganization satisfies all requirements set forth in KRS 278.020. The proposed reorganization will cause Sentra to be directly owned by a person with the financial, technical and managerial abilities to provide reasonable service, it will be made in accordance with the law and for a proper purpose, and it will be consistent with the public interest. The Applicants respectfully request that the Commission accept the filing of this Application and enter a final order approving the proposed change in direct ownership and control of Sentra by reason of the reorganization within the period of time provided in KRS 278.020(6).

**I. Introduction.**

KRS 278.020(5) provides that persons under the jurisdiction of the Commission must obtain the approval of the Commission prior to the acquisition or transfer of ownership or control of any utility under the jurisdiction of the Commission. Further, KRS 278.020(6) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. KRS 278.020(7)(b) provides that subsection (6) is not applicable to the transfer of control of a utility when, as here, the acquirer is under common control with the utility. Consequently, the Applicants believe that subsection (6) does not apply to the proposed reorganization. However, because KRS 278.020(5) does not contain an exception for a corporate reorganization, the Applicants believe that the approval of the Commission is necessary under subsection (5). *See, e.g., Application of Citipower, LLC for Approval of Reorganization Proposal, Case No. 2004-00444, Order of April 14, 2005, page*

4. The Applicants therefore request that the Commission approve the proposed reorganization under KRS 278.020(5).<sup>1</sup>

## **II. The Applicants**

**Magnum Hunter Resources Corporation.** MHR is a publicly-held, New York Stock Exchange-listed corporation organized, validly existing and in good standing under the laws of Delaware. A copy of the Certificate of Incorporation of MHR is attached as Exhibit A to this Application.

**NGAS Hunter, LLC.** NGAS is a limited liability company organized, validly existing and in good standing under the laws of Delaware. NGAS is a wholly-owned subsidiary of MHR. A copy of the Certificate of Formation of NGAS is attached as Exhibit B to this Application.

**Magnum Hunter Production, Inc.** MHP is a corporation organized, validly existing and in good standing under the laws of Kentucky. MHP is a wholly-owned subsidiary of NGAS. A copy of the Articles of Incorporation of MHP is attached as Exhibit C to this Application.

**Sentra Corporation.** Sentra is a corporation organized, validly existing and in good standing under the laws of Kentucky. Sentra is a wholly-owned subsidiary of MHP. A copy of the Articles of Incorporation of Sentra is attached as Exhibit D to this Application.

## **III. The Proposed Reorganization**

The proposed reorganization will occur, subject to the approval of the Commission, as follows:

---

<sup>1</sup> As a precaution, the Applicants have presented information in this Application that demonstrates that the proposed reorganization would also satisfy the conditions set forth in KRS 278.020(6), if applicable, as well as the conditions set forth in KRS 278.218, if applicable. See footnote 5 below.

1. The Board of Directors of MHP will adopt resolutions authorizing the distribution by MHP of the stock of Sentra to MHP's sole shareholder, NGAS.

2. MHP will execute a stock power transferring the stock of Sentra to NGAS and a new stock certificate will be prepared to evidence the ownership of such stock by NGAS.

3. The sole managing member of NGAS will adopt resolutions authorizing the distribution by NGAS of the stock of Sentra to MHR, the sole member of NGAS.

4. NGAS will execute a stock power transferring the stock of Sentra to MHR and a new stock certificate will be prepared to evidence MHR's ownership of such stock.

If the proposed reorganization is approved by the Commission, the preceding steps will be taken by the Applicants immediately following the grant of such approval.

**IV. The Proposed Reorganization Satisfies All Applicable Requirements of KRS Chapter 278.**

**A. MHR Has the Financial Ability to Cause Sentra to Continue to Provide Safe and Reliable Service to Sentra's Customers After the Completion of the Proposed Reorganization.**

MHR is a publicly-held, New York Stock Exchange-listed corporation that is engaged in the exploration for and the exploitation, acquisition, development and production of crude oil and natural gas in the United States and Canada. The business operations of MHR are currently focused primarily in three North American shale resource opportunities, namely the Marcellus Shale in West Virginia and Ohio; the Utica Shale in southeastern Ohio and western West Virginia; and the Williston Basin/Bakken Shale in North Dakota and Saskatchewan, Canada. MHR is also engaged in midstream and oilfield services operations, primarily in West Virginia, Ohio and Texas.

MHR has substantial resources and financial capabilities. As of December 31, 2012, MHR had estimated proved reserves of approximately 61.6 million barrels of oil equivalent with a PV-10 value of \$753.4 million (SEC basis) and \$809.0 million (NYMEX basis). As of May 1, 2013, MHR had approximately 338,800 net leasehold acres in its core operating areas, with daily production volumes at June 10, 2013 of approximately 17,500 barrels per day. As of May 1, 2013, MHR had total financial liquidity of approximately \$380 million, including cash on hand of approximately \$115 million and approximately \$265 of borrowing capacity available under its revolving credit facility. As of June 1, 2013, MHR also owned 10 million shares of common stock of Penn Virginia Corporation (acquired as partial consideration for MHR's sale of certain properties in 2012) with a market value of \$42.3 million.<sup>2</sup>

In summary, MHR has the financial ability to cause Sentra, under the direct ownership and control of MHR, to continue to provide safe and reliable service to Sentra's Kentucky customers after the completion of the proposed reorganization.

**B. MHR Has the Technical and Managerial Ability to Cause Sentra to Continue to Provide Safe and Reliable Service to Sentra's Customers After the Completion of the Proposed Reorganization.**

As described above, MHR currently conducts substantial and widespread operations in the oil and gas industry. MHR was incorporated in June 1997 and began oil and gas operations in 2005 under the name Petro Resources Corporation. In July 2009, the company's name was changed to Magnum Hunter Resources Corporation. The management team of MHR is led by Gary C. Evans, the Chairman and Chief Executive Officer, who has over 25 years of experience in the oil and gas industry. Mr.

---

<sup>2</sup> MHR Annual Report on Form 10-K for the period ending December 31, 2012 filed with the U.S. Securities and Exchange Commission on June 14, 2013 ("MHR 10-K"), pages 12-15.

Evans is the former founder, Chairman and Chief Executive Officer of Magnum Hunter Resources, Inc., a company of similar name that was sold to Cimarex Energy Corporation for \$2.2 billion in June 2005.<sup>3</sup> Joseph C. Daches serves as MHR's Senior Vice President and Chief Financial Officer and has over 20 years of regulatory compliance, financial reporting, technical accounting, management and oil and gas accounting experience, primarily within the energy industry. The business operations of NGAS, MHP and Sentra are conducted through MHR's Appalachian Basin Division, which is led by James W. Denney, III. Mr. Denny has been employed by MHR since 2008, and has extensive experience in the oil and gas industry.

MHR's managerial experience and its successful history of operations demonstrate that MHR has the technical and managerial ability to ensure that Sentra's Kentucky customers will continue to receive safe and reliable service after the completion of the proposed reorganization.

**C. The Proposed Reorganization Will Be Made in Accordance with the Law.**

The proposed reorganization has been approved by MHR as the sole member of NGAS, by NGAS as the sole shareholder of MHP, and by MHP as the sole shareholder of Sentra.

The completion of the proposed reorganization is not subject to any regulatory approvals other than approval by the Commission. The proposed reorganization does not trigger the need for any prior approval under the federal Natural Gas Act ("NGA") because Sentra, as a local distribution company, is expressly exempt from jurisdiction under the NGA. Similarly, no prior approval will be required under the federal Public

---

<sup>3</sup> MHR 10-K, page 22.



Utility Holding Company Act (“PUHCA”). The proposed reorganization will not result in a material change in MHR’s holding company status under PUHCA, because MHR is already a holding company due to its indirect ownership of Sentra. To the extent that any notices to or filings with any other federal or state regulatory authorities may be required, MHR, NGAS, MHP and Sentra either have made or will make all required notices or filings.

Because the proposed reorganization has received all of the necessary corporate and limited liability company approvals, and because any required federal and state regulatory notices or filings have been or will be made on a timely basis, the proposed reorganization will be made in accordance with the law.

**D. The Proposed Reorganization is for a Proper Purpose.**

MHR has identified a number of non-core properties, which MHR believes represent approximately \$100 million to \$200 million in aggregate value, for possible divestiture in 2014.<sup>4</sup> The business purpose of the proposed reorganization is to enable MHR to change the organizational structure of certain of its direct and indirect subsidiaries to facilitate the possible divestitures. This is a proper purpose for a change in ownership and control of a utility by reason of a corporate reorganization.<sup>5</sup>

---

<sup>4</sup> MHR 10-K, page 10.

<sup>5</sup> The application of KRS 278.218 to the proposed reorganization is not entirely clear, but the Applicants respectfully suggest that it does not apply. KRS 278.218 was enacted in 2002 in response to the crisis that resulted when California utilities divested generation assets. The Commission and the General Assembly wanted to ensure that the Commission would have oversight over any transfer of generation assets by a Kentucky utility to ensure that the crisis that occurred in California could not happen here. Accordingly, KRS 278.218 applies to a transfer of control of “assets” while KRS 278.020(5) and (6) apply to a transfer of ownership and control of a “utility.” The proposed reorganization will not involve a sale and purchase of Sentra’s assets as such, although it will result in a change in the direct ownership and control of Sentra. If the Commission determines that KRS 278.218 does apply, the Commission should approve the proposed reorganization under that section as well as KRS 278.020(5) and (6), because the reorganization is for a proper purpose and is consistent with the public interest.

**E. The Proposed Reorganization is Consistent with the Public Interest.**

The proposed reorganization will cause Sentra to be owned directly, rather than indirectly as it currently is, by a substantial, financially strong and well-managed company that conducts extensive operations in the oil and gas industry and has access to additional capital as needed.

Sentra will not seek to recover in its Kentucky rates, directly or indirectly, any transaction costs arising from or associated with the proposed reorganization, and the proposed reorganization will not cause Sentra to guarantee the debt of MHR or any other affiliate, grant liens upon its property to secure the debt or obligations of any affiliate, or make loans or extend credit for a term of more than one year to any affiliate.

The proposed reorganization will not adversely affect Sentra's customers in Kentucky or the public, nor will the proposed reorganization adversely affect any other Kentucky utility. Sentra will maintain its Kentucky rates that are currently in effect, although it may seek to modify those rates from time to time in accordance with Kentucky law and the Commission's regulations. Sentra will continue the employment of its current employees located in Kentucky. If the proposed reorganization results in Sentra obtaining services in Kentucky from MHR or other affiliates that are not currently being so obtained, Sentra will file any relevant agreements with the Commission for approval to the extent required by law. Sentra will continue to file its Kentucky tariffs, bill its Kentucky customers at the approved Commission tariff rates, and maintain separate accounting records for its Kentucky operations in compliance with all applicable Commission requirements.

For all of the reasons set forth above, the proposed reorganization is consistent with the public interest.

**V. Testimony in Support of Application.**

The Applicants have filed as Exhibit E to this Application the written testimony of James W. Denny, III, the Executive Vice President of MHR and President of NGAS, MHP, and Sentra that discusses in greater detail the manner in which the proposed reorganization satisfies the requirements of KRS 278.020(5), as well as KRS 278.020(6) and KRS 278.218, if applicable.

**WHEREFORE**, the Applicants respectfully request that the Commission enter a final order as follows:

Finding that, after the completion of the proposed reorganization, MHR will have the financial, technical and managerial abilities to cause Sentra to continue to provide reasonable service to Sentra's Kentucky customers, and that the proposed reorganization will be in accordance with the law, for a proper purpose and consistent with the public interest;

Approving, under KRS 278.020(5), the change in direct ownership and control of Sentra by reason of the proposed reorganization; and

Finding that KRS 278.020(6) and 278.218 do not apply to the proposed reorganization, or in the alternative, if the Commission determines that KRS 278.020(6) and 278.218 do apply, approving the change in direct ownership and control of Sentra by reason of the proposed reorganization because the proposed reorganization is for a proper purpose and is consistent with the public interest.

February 11,  
Dated: January \_\_, 2014

Respectfully submitted

Francis J. Mellen, Jr.

---

Francis J. Mellen, Jr.  
fmellen@wyattfirm.com  
Wyatt, Tarrant & Combs, LLP  
2800 PNC Plaza  
500 West Jefferson Street  
Louisville, KY 40202  
Telephone: (502) 589-5235  
Facsimile: (502) 589-0309

Wm. Craig Robertson

---

Wm. Craig Robertson, III *By FSM*  
wrobertson@wyattfirm.com *w/permission*  
Wyatt, Tarrant & Combs, LLP  
250 West Main Street  
Suite 1600  
Lexington, KY 40507  
Telephone: (859) 288-7667  
Facsimile: (859) 259-0649

*Counsel for Magnum Hunter Resources Corporation, NGAS Hunter, LLC, Magnum Hunter Production, Inc. and Sentra Corporation*

## EXHIBITS

- |           |  |
|-----------|--|
| EXHIBIT A | Certificate of Incorporation of MHR      |
| EXHIBIT B | Certificate of Formation of NGAS         |
| EXHIBIT C | Articles of Incorporation of MHP         |
| EXHIBIT D | Articles of Incorporation of Sentra      |
| EXHIBIT E | Written Testimony of James W. Denny, III |

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>THE JOINT APPLICATION OF</b>	)	
<b>MAGNUM HUNTER RESOURCES</b>	)	
<b>CORPORATION, NGAS HUNTER,</b>	)	
<b>LLC, MAGNUM HUNTER</b>	)	<b>CASE NO. 2014-_____</b>
<b>PRODUCTION, INC. AND SENTRA</b>	)	
<b>CORPORATION FOR APPROVAL</b>	)	
<b>OF AN ACQUISITION OF</b>	)	
<b>OWNERSHIP AND CONTROL OF A</b>	)	
<b>UTILITY</b>	)	

**VERIFICATION OF JAMES W. DENNY, III**

<b>STATE OF TEXAS</b>	)	
	)	<b>SS:</b>
<b>COUNTY OF HARRIS</b>	)	

The undersigned, James W. Denny, III, being duly sworn, deposes and says he is the Executive Vice President of Magnum Hunter Resources Corporation ("MHR") and the President of MHR's Appalachian Basin Division which includes NGAS Hunter, LLC, Magnum Hunter Production, Inc. and Sentra Corporation, that he has personal knowledge of the matters relating to such Applicants set forth in the Joint Application

filed in this proceeding, and the information contained therein relating to each such Applicant is true and correct to the best of his information, knowledge and belief.

James W. Denny, III  
James W. Denny, III

Subscribed and sworn to before me, a Notary Public in and before said County and State this 3<sup>rd</sup> day of February, 2014.



ELIZABETH R. TEBAY  
NOTARY PUBLIC  
In and For The State of Ohio  
My Commission Expires  
2-29-14

Elizabeth R. Tebay (SEAL)  
Notary Public

My Commission Expires:

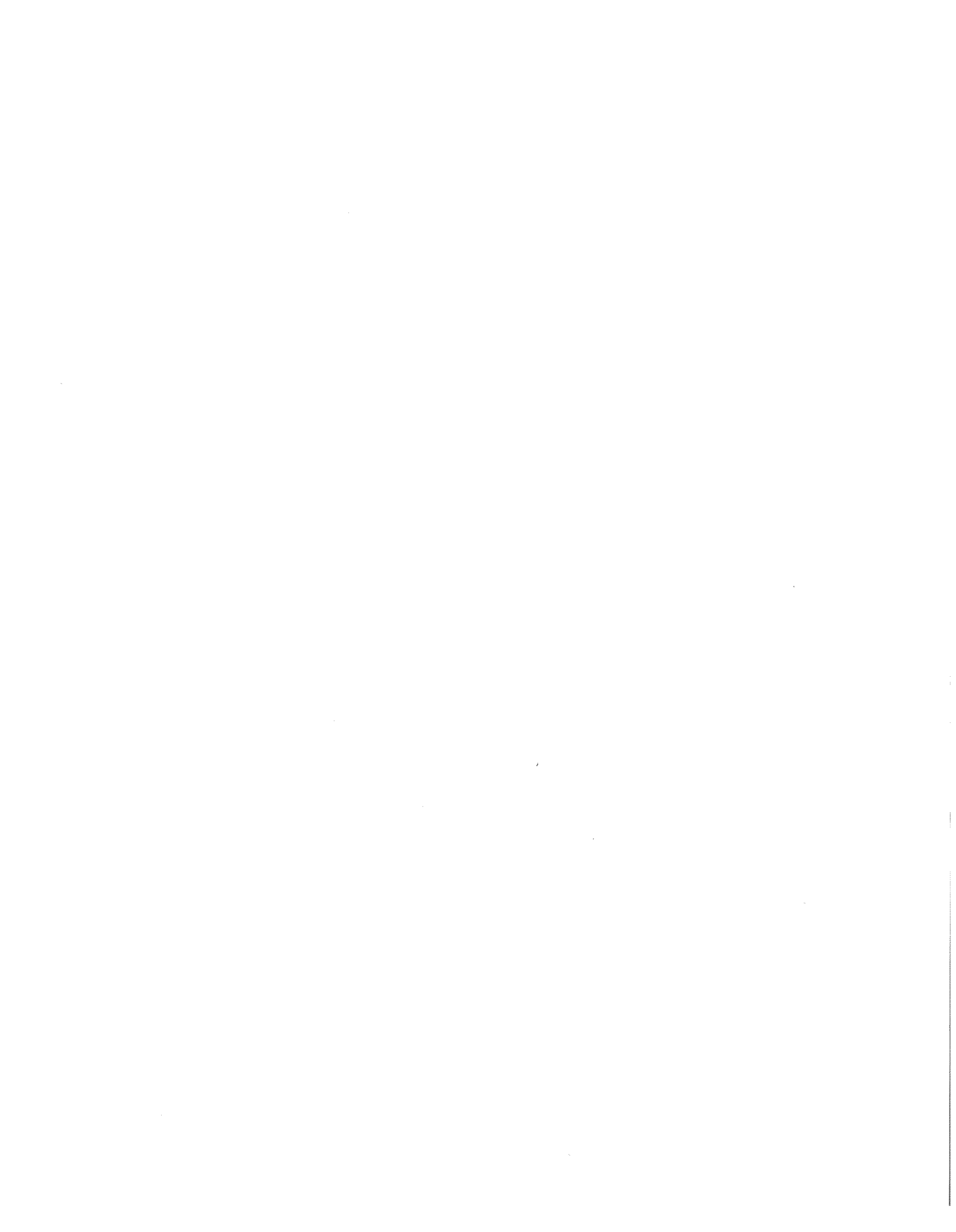
•

**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing Joint Application was served by U.S. Mail, postage prepaid, on January ~~7~~ 2014 on the Kentucky Attorney General, Office of Rate & Utility Intervention, 1024 Capital Center Drive, Frankfort, KY 40601.

February 11

Kram J. McKen Jr  
Counsel for Applicants



# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "MAGNUM HUNTER RESOURCES CORPORATION" AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF INCORPORATION, FILED THE FOURTH DAY OF JUNE, A.D. 1997, AT 1:51 O'CLOCK P.M.

CERTIFICATE OF AMENDMENT, FILED THE TWENTY-SIXTH DAY OF JUNE, A.D. 1997, AT 9 O'CLOCK A.M.

CERTIFICATE OF RENEWAL, FILED THE THIRTEENTH DAY OF FEBRUARY, A.D. 2002, AT 9 O'CLOCK A.M.

RESTATED CERTIFICATE, CHANGING ITS NAME FROM "KID KRITTER U.S.A., INC." TO "PRIMEBUY INTERNATIONAL, INC.", FILED THE THIRTEENTH DAY OF FEBRUARY, A.D. 2002, AT 9:05 O'CLOCK A.M.

CERTIFICATE OF AMENDMENT, CHANGING ITS NAME FROM "PRIMEBUY INTERNATIONAL, INC." TO "RUSSIAN RESOURCES GROUP, INC.", FILED THE EIGHTH DAY OF MAY, A.D. 2003, AT 1:38 O'CLOCK P.M.

CERTIFICATE OF RENEWAL, FILED THE SIXTH DAY OF JUNE, A.D. 2005, AT 3:52 O'CLOCK P.M.

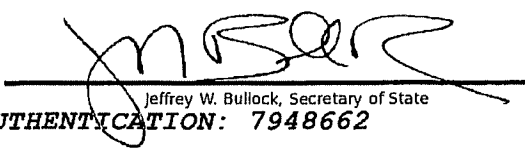
CERTIFICATE OF AMENDMENT, CHANGING ITS NAME FROM "RUSSIAN

2758331 8100H

100414231



You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 7948662

DATE: 04-22-10



# Delaware

PAGE 2

*The First State*

RESOURCES GROUP, INC." TO "PETRO RESOURCES CORPORATION", FILED  
THE SIXTH DAY OF JUNE, A.D. 2005, AT 3:53 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE THIRTIETH DAY OF  
MARCH, A.D. 2007, AT 7:03 O'CLOCK P.M.

CERTIFICATE OF AMENDMENT, FILED THE EIGHTEENTH DAY OF JULY,  
A.D. 2007, AT 7:05 O'CLOCK P.M.

CERTIFICATE OF OWNERSHIP, CHANGING ITS NAME FROM "PETRO  
RESOURCES CORPORATION" TO "MAGNUM HUNTER RESOURCES CORPORATION",  
FILED THE THIRTEENTH DAY OF JULY, A.D. 2009, AT 3:44 O'CLOCK  
P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF  
THE AFORESAID CERTIFICATE OF OWNERSHIP IS THE FOURTEENTH DAY OF  
JULY, A.D. 2009, AT 12:01 O'CLOCK A.M.

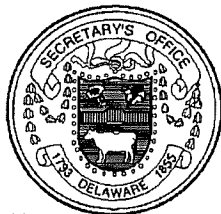
CERTIFICATE OF DESIGNATION, FILED THE TENTH DAY OF DECEMBER,  
A.D. 2009, AT 10:11 O'CLOCK A.M.

CERTIFICATE OF DESIGNATION, FILED THE ELEVENTH DAY OF  
FEBRUARY, A.D. 2010, AT 8:30 O'CLOCK A.M.

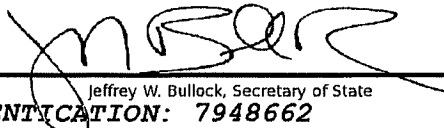
AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID  
CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE  
AFORESAID CORPORATION, "MAGNUM HUNTER RESOURCES CORPORATION".

2758331 8100H

100414231



You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 7948662

DATE: 04-22-10

# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "MAGNUM HUNTER RESOURCES CORPORATION" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-SECOND DAY OF APRIL, A.D. 2010.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2758331 8300

100414231



You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

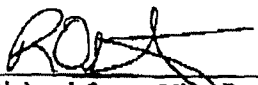
  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 7948663

DATE: 04-22-10

CERTIFICATE OF INCORPORATION  
OF  
KID KRITTER U.S.A., INC.

- FIRST: The name of the corporation is: Kid Kritter U.S.A., Inc.
- SECOND: The address of the registered office of the corporation in the State of Delaware is located at 5 Starboard Center, Rte 1, Suite 0042, City of Bethany Beach, County of Sussex. The name of the registered agent at that address is Business Filings International, Inc.
- THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.
- FOURTH: The total number of shares of stock which the corporation is authorized to issue is one thousand five hundred shares of common stock having no par value.
- FIFTH: A director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director of this corporation to the fullest extent of the laws of Delaware.
- Any repeal or modification of the foregoing paragraph by the stockholders of the corporation existing at the time of such repeal or modification.
- SIXTH: The name and address of the incorporator is Business Filings Incorporated, 214 North Henry, Suite 201, Madison, WI 53703.
- SEVENTH: The name and address of the initial director of the corporation is: Jack Palti, 1278 Glenneyre St. Suite 85, Laguna Beach, CA 92651.

I, the undersigned, being the incorporator, for the purpose of forming a corporation under the laws of the State of Delaware do make, file, and record this Certificate of Incorporation and do certify that the facts herein are true.

  
Richard Oster, Vice President  
Business Filings Incorporated

Dated: June 4, 1997

**CERTIFICATE OF AMENDMENT  
OF  
KID KRITZER U.S.A., INC.**

**Kid Kritzer U.S.A., Inc. a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, Does Hereby Certify:**

**FIRST:** That a meeting of the Board of Directors of Kid Kritzer U.S.A., Inc., resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

**RESOLVED**, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "Fourth" so that, as amended, said Article shall be and read as follows:

"The total number of shares of stock which the corporation is authorized to issue is ten million shares (10,000,000) shares of common stock having a par value of one cent (\$.01) per share."

**SECOND:** That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

**THIRD:** That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**FOURTH:** That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said Kid Kritzer U.S.A., Inc. has caused this certificate to be signed by its authorized officer this 25 day of June, 1997.

  
\_\_\_\_\_  
Authorized Officer

Jack Palti, President

STATE OF DELAWARE  
CERTIFICATE FOR RENEWAL  
AND REVIVAL OF CHARTER

Kid Kritter U.S.A., Inc.

a corporation organized under the laws of Delaware, the charter of which was voided for non-payment of taxes, now desires to procure a restoration, renewal and revival of its charter, and hereby certifies as follows:

1. The name of this corporation is Kid Kritter U.S.A., Inc.
2. Its registered office in the State of Delaware is located at 2711 Centerville Road, Suite 400, Street, City of Wilmington  
Zip Code 19808 County of New Castle the name and address of its registered agent is Corporation Service Company
3. The date of filing of the original Certificate of Incorporation in Delaware was June 4, 1997
4. The date when restoration, renewal, and revival of the charter of this company is to commence is the 28th day of February, 1999, same being prior to the date of the expiration of the charter. This renewal and revival of the charter of this corporation is to be perpetual.
5. This corporation was duly organized and carried on the business authorized by its charter until the 1st day of March A.D. 1999, at which time its charter became inoperative and void for non-payment of taxes and this certificate for renewal and revival is filed by authority of the duly elected directors of the corporation in accordance with the laws of the State of Delaware.

IN TESTIMONY WHEREOF, and in compliance with the provisions of Section 312 of the General Corporation Law of the State of Delaware, as amended, providing for the renewal, extension and restoration of charters, Alan J. Kau

the last and acting authorized officer hereunto set his/her hand to this certificate this 12th day of February A.D. 2002

By: Alan J. Kau  
Authorized Officer  
Name: Alan J. Kau, Chief Executive Officer  
Print or Type  
Title: Chief Executive Officer

RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
KID KRITTER U.S.A., INC.

STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 09:05 AM 02/13/2002  
020095511 - 2758331

Kid Kritter U.S.A., Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is Kid Kritter U.S.A., Inc., and was originally incorporated under the same name, and the original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on June 4, 1997.
2. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Restated Certificate of Incorporation restates and integrates and further amends the provisions of the Certificate of Incorporation of this corporation.
3. This Restated Certificate of Incorporation was duly approved and adopted by the board of directors and stockholders of this corporation at a joint meeting held on January 21, 2002, in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of this Restated Certificate of Incorporation.
4. The text of the Restated Certificate of Incorporation as heretofore amended or supplemented is hereby restated and further amended to read in its entirety as follows:

"ARTICLE I  
Name of Corporation

The name of this corporation is PrimeBuy International, Inc.

ARTICLE II  
Registered Office and Agent

The address of the registered office of the corporation in the State of Delaware is 2711 Centerville Road, Suite 400 in the City of Wilmington, County of New Castle, and the name of its registered agent at that address is Corporation Service Company.

ARTICLE III  
Purpose

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV  
Authorized Capital Stock

This corporation is authorized to issue two classes of shares designated respectively "Common Stock" and "Preferred Stock" and referred to herein as Common Stock or Common Shares and Preferred Stock or Preferred Shares, respectively. The total number of shares of Common Stock this corporation is authorized to issue is 50,000,000 and each such share shall have a par value of \$.01, and the total number of shares of Preferred Stock this corporation is authorized to issue is 10,000,000 and each such share shall have a par value of \$.01. The Preferred Shares may be issued from time to time in one or more series. The board of directors is authorized to fix the number of shares of any series of Preferred Shares and to determine the designation of any such series. The board of directors is also authorized to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Shares and, within the limits and restrictions stated in any resolution or resolutions of the board of directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series.

ARTICLE V  
Limitation of Director Liability

To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, a director of this corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

ARTICLE VI  
Perpetual Existence

The corporation is to have perpetual existence.

ARTICLE VII  
Stockholder Meetings

Meetings of stockholders may be held within or without the State of Delaware, as the bylaws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the bylaws of the corporation.

ARTICLE VIII  
Bylaws

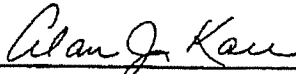
In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, repeal, alter, amend and rescind the bylaws of this corporation, subject to any limitations expressed in such bylaws.

ARTICLE IX  
Amendment of Certificate of Incorporation

The corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.”

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been signed by Alan J. Kau, its authorized officer hereby declaring and certifying under penalty of perjury that this is the act and deed of the corporation and the facts herein stated are true, this 13th day of February, 2002.

KID KRITTER U.S.A., INC.

By:   
Alan J. Kau, Chief Executive Officer



CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
PRIMEBUY INTERNATIONAL, INC.

PrimeBuy International, Inc., a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

I. The amendment to the Corporation's Certificate of Incorporation set forth below was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware and has been consented to in writing by: (a) the Board of Directors by their unanimous written consent; and (b) the holders of a majority of the outstanding shares entitled to vote thereon in accordance with Section 228 of the General Corporation Law of the State of Delaware.

II. ARTICLE I of the Certificate of Incorporation of the Corporation is amended to read in its entirety as follows:

"ARTICLE I  
Name of Corporation

The name of this corporation is Russian Resources Group, Inc."

IN WITNESS WHEREOF, the undersigned hereby duly executes this Certificate of Amendment hereby declaring and certifying under penalty of perjury that this is the act and deed of the Corporation and the facts herein stated are true, this 7 day of May, 2003.

PrimeBuy International, Inc.

By: Alan J. Kau  
Alan J. Kau, President

# State of Delaware - Division of Corporations

FAX

## DOCUMENT FILING SHEET

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Priority 1 (One hr)	Priority 2 (Two Hr.)	Priority 3 (Same Day)	Priority 4 (24 Hour)	Priority 5 (Must Approval)	Priority 6 (Reg. Approval)	Priority 7 (Reg. Work)

DATE SUBMITTED 6-6-05

REQUESTOR NAME INCORPORATING SERVICES, LTD. FILE DATE 6-6-05

ADDRESS 3500 South Dupont Highway FILE TIME \_\_\_\_\_  
Dover, DE 19901

ATTN. Shannon McCarty  
 PHONE 531-0855

NAME of COMPANY/ENTITY Russian Resources Group, Inc.

050470871 2758331 9008413  
 SRV NUMBER FILE NUMBER FILER'S NUMBER RESERVATION NO.

TYPE OF DOCUMENT Renewal DOCUMENT CODE 0312v

CHANGE of NAME \_\_\_\_\_ CHANGE of AGENT/OFFICE \_\_\_\_\_ CHANGE OF STOCK \_\_\_\_\_

CORPORATIONS		
FRANCHISE TAX	YEAR	\$ _____
FILING FEE TAX		\$ _____
RECEIVING & INDEXING		\$ _____
CERTIFIED COPIES	NO. _____	\$ _____
SPECIAL SERVICES		\$ _____
KENT COUNTY RECORDER		\$ _____
NEW CASTLE COUNTY RECORDER		\$ _____
SUSSEX COUNTY RECORDER		\$ _____
TOTAL \$		_____

METHOD of RETURN
<input type="checkbox"/> MESSENGER/PICKUP
<input type="checkbox"/> FED. EXPRESS Acct.# _____
<input type="checkbox"/> REGULAR MAIL
<input type="checkbox"/> FAX No. _____
<input checked="" type="checkbox"/> OTHER <u>RemotePrinting</u>

COMMENTS/FILING INSTRUCTIONS  
Tax reports attached

# 1 of 2

CREDIT CARD CHARGES	
You have my authorization to charge my credit card for this service:	
_____	Exp. Date _____
Signature _____	Printed Name _____

AGENT USE ONLY

INSTRUCTIONS
1. Fully shade in the required Priority square using a dark pencil or marker, staying within the square.
2. Each request must be submitted as a separate item, with its own Filing sheet as the FIRST PAGE.

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 03:52 PM 06/06/2005  
FILED 03:52 PM 06/06/2005  
SRV 050470871 - 2758331 FILE

CERTIFICATE  
FOR RENEWAL AND REVIVAL OF CHARTER

Russian Resources Group, Inc., a corporation organized under the laws of Delaware, the charter of which was voided for non-payment of taxes, now desires to procure a restoration, renewal and revival of its charter, and hereby certifies as follows:

1. The name of the corporation is Russian Resources Group, Inc.
2. Its registered office in the State of Delaware is located at 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle. The name of its registered agent at that address is Corporation Service Company, Inc.
3. The date of filing of the original Certificate of Incorporation was June 4, 1997.
4. The date when restoration, renewal, and revival of the charter of this company is to commence is the 28<sup>th</sup> day of February 2005, same being prior to the date of the expiration of the charter. This renewal and revival of the charter of this corporation is to be perpetual.
5. This corporation was duly organized and carried on the business authorized by its charter until the 1<sup>st</sup> day of March 2005, at which time its charter became inoperative and void for non-payment of taxes and this certificate for renewal and revival is filed by authority of the duly elected directors of the corporation in accordance with the laws of the State of Delaware.

IN TESTIMONY WHEREOF, and in compliance with the provisions of Section 312 of the General Corporation Law of the State of Delaware, as amended, providing for the renewal, extension and restoration of charters, the undersigned has hereunto set their hand to this certificate the 6<sup>th</sup> day of March 2005.

RUSSIAN RESOURCES GROUP, INC.

By: /s/ Gary Bryant  
Gary Bryant, President

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 03:52 PM 06/06/2005  
FILED 03:53 PM 06/06/2005  
SRV 050470899 - 2758331 FILE

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
RUSSIAN RESOURCES GROUP, INC.

Russian Resources Group, Inc., a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

I. The amendment to the Corporation's Certificate of Incorporation set forth below was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware and has been consented to in writing by: (a) the Board of Directors by their unanimous written consent; and (b) the holders of a majority of the outstanding shares entitled to vote thereon in accordance with Section 228 of the General Corporation Law of the State of Delaware.

II. ARTICLE I of the Certificate of Incorporation of the Corporation is amended to read in its entirety as follows:

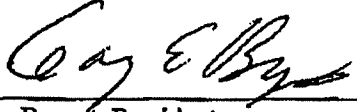
"ARTICLE I  
Name of Corporation

The name of this corporation is Petro Resources Corporation."

IN WITNESS WHEREOF, the undersigned hereby duly executes this Certificate of Amendment hereby declaring and certifying under penalty of perjury that this is the act and deed of the Corporation and the facts herein stated are true, this 15<sup>th</sup> day of May, 2005.

RUSSIAN RESOURCES GROUP, INC.

By: \_\_\_\_\_

  
Gary Bryant, President

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
PETRO RESOURCES CORPORATION

Petro Resources Corporation (hereinafter called the "corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

1. The name of the corporation is Petro Resources Corporation.
2. The certificate of incorporation of the corporation is hereby amended by striking out ARTICLE IV thereof and by substituting in lieu of said ARTICLE IV the following new ARTICLE IV:

ARTICLE IV  
Authorized Capital Stock

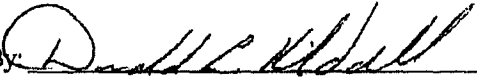
This corporation is authorized to issue two classes of shares designated, respectively, "Common Stock" and "Preferred Stock" and referred to herein as Common Stock or Common Shares and Preferred Stock or Preferred Shares, respectively. The total number of shares of Common Stock this corporation is authorized to issue is 100,000,000 and each such share shall have a par value of \$.01, and the total number of shares of Preferred Stock this corporation is authorized to issue is 10,000,000 and each such share shall have a par value of \$.01. Preferred shares may be issued from time to time in one or more series. The board of directors is authorized to fix the number of shares of any series of Preferred Shares and to determine the designation of any such series. The board of directors is also authorized to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Shares and, within the limits and restrictions stated in any resolution or resolutions of the board of directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series


subsequent to the issue of shares of that series.

3. The amendment of the Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned hereby duly executed this Certificate of Amendment hereby declaring and certifying under penalty of perjury that this is the act and deed of the corporation and the facts herein stated are true, this 10<sup>th</sup> day of MAY, 2007.

PETRO RESOURCES CORPORATION

By:   
Donald L. Kirkendall, President

By:   
Allen R. McGee, Secretary

**CERTIFICATE OF OWNERSHIP AND MERGER**

**Merging**

**Magnum Hunter Resources Corporation, a Delaware corporation**

**with and into**

**Petro Resources Corporation, a Delaware corporation**

**(Pursuant to Section 253 of the Delaware General Corporation Law)**

Petro Resources Corporation, a Delaware corporation (the "Corporation"), does hereby certify:

**FIRST:** That the Corporation was incorporated and duly organized pursuant to the General Corporation Law of the State of Delaware ("DGCL").

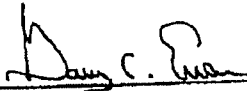
**SECOND:** That the Corporation owns all of the outstanding shares of each class of the capital stock of Magnum Hunter Resources Corporation, a Delaware corporation ("Magnum Hunter").

**THIRD:** That the Corporation, by resolutions duly adopted by its Board of Directors on June 16, 2009 and attached hereto as Annex "A", determined to merge Magnum Hunter with and into the Corporation, with the Corporation continuing as the surviving corporation of the merger, with the merger to be effected pursuant to Section 253 of the DGCL.

**FOURTH:** The merger herein provided for shall be effective in the State of Delaware on July 14, 2009 at 12:01 a.m.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Corporation has caused this certificate to be executed by the undersigned hereunto duly authorized as of this 13th day of July, 2009.

By:   
Name: Gary C. Evans  
Title: Chairman of the Board



**ANNEX A**

**Resolutions of the Board of Directors of  
Petro Resources Corporation**

**PETRO RESOURCES CORPORATION**

**Resolutions of  
Board of Directors**

June 16, 2009

*Resolutions Approving Merger*

RESOLVED, that the merger, pursuant to Section 253 of the Delaware General Corporation Law, of Magnum Hunter Resources Corporation, a Delaware corporation and wholly owned subsidiary of the Corporation, with and into the Corporation, with the Corporation being the surviving entity of the merger (the "Merger") be, and hereby is, approved and authorized; and

RESOLVED FURTHER, that the officers of the Corporation be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to execute and file a Certificate of Ownership and Merger with the Secretary of State of the State of Delaware, said Certificate of Ownership and Merger to contain such matters as are required by law, or as are necessary, advisable or convenient; and

RESOLVED FURTHER, that the Certificate of Incorporation of the Corporation, as in effect immediately prior to the Effective Time (as defined below), shall be amended by replacing ARTICLE I in its entirety with the following:

**"ARTICLE I  
Name of Corporation**

**"The name of this corporation is Magnum Hunter Resources Corporation."**

and as so amended shall be the Certificate of Incorporation of the Corporation; and

RESOLVED FURTHER, that the bylaws of the surviving entity in the Merger shall be the bylaws of the Corporation in effect immediately before the Effective Time (as defined below); and

RESOLVED FURTHER, that the Merger shall be effective in the State of Delaware on July 14, 2009 at 12:01 a.m. (the "Effective Time"); and

RESOLVED FURTHER, that the appropriate officers of the Corporation be, and each of them hereby is, authorized and directed to make, execute, acknowledge, deliver and perform, in the name and on behalf of the Corporation, any other instruments, documents or certificates, or to take or cause to be taken such actions, which may be deemed by such officers, or any of them, to be necessary or advisable to consummate the transactions contemplated by the foregoing resolutions, all of which may contain such clauses, terms, provisions and conditions as the officer or officers who execute the same shall deem necessary or advisable.

**MAGNUM HUNTER RESOURCES GP, LLC**  
**1046 Texas Trail**  
**Grapevine, Texas 76051**

July 15<sup>th</sup>, 2009

To: Delaware Secretary of State  
Corporation Division  
401 Federal Street, Suite 4  
Dover, Delaware 19901

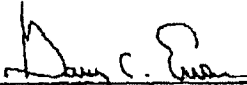
Magnum Hunter Resources GP, LLC, a limited liability company organized under the laws of the State of Delaware and general partner of Magnum Hunter Resources, L.P., a limited partnership organized under the laws of the State of Delaware, hereby consents to the use of the name "Magnum Hunter Resources" by Magnum Hunter Resources Corporation in the State of Delaware.

In witness whereof, the undersigned authorized signatory of Magnum Hunter Resources GP, LLC has caused this certificate to be duly executed this 15<sup>th</sup> day of July, 2009.

**MAGNUM HUNTER RESOURCES, LP**

By: Magnum Hunter Resources GP, LLC,  
its general partner

By: Investment Hunter, LLC,  
its sole Manager

By:   
Name: Gary C. Evans  
Title: Member

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 07:53 AM 02/12/2010  
FILED 08:30 AM 02/11/2010  
SRV 100132436 - 2758331 FILE

**STATE OF DELAWARE**

**WAIVER OF REQUIREMENT  
FOR AFFIDAVIT OF EXTRAORDINARY CONDITION**

It appears to the Secretary of State that an earlier effort to deliver this instrument and tender such taxes and fess was made in good faith on the file date stamped hereto. The Secretary of State has determined that an extraordinary condition (as reflected in the records of the Secretary of State) existed at such date and time and that such earlier effort was unsuccessful as a result of the existence of such extraordinary condition, and that such actual delivery and tender were made within a reasonable period (not to exceed two business days) after the cessation of such extraordinary condition and establishes such date and time as the filing date of such instrument.

Jeffrey W. Bullock  
Jeffrey W. Bullock  
Secretary of State

# Delaware

PAGE 1

*The First State*

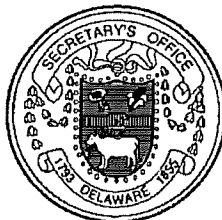
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "MAGNUM HUNTER RESOURCES CORPORATION", FILED IN THIS OFFICE ON THE THIRD DAY OF NOVEMBER, A.D. 2010, AT 10:31 O'CLOCK A.M.


A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

2758331 8100

101051433

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 8326523

DATE: 11-03-10

**CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
MAGNUM HUNTER RESOURCES CORPORATION**

*State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 10:31 AM 11/03/2010  
FILED 10:31 AM 11/03/2010  
SRV 101051433 - 2758331 FILE*

**(Pursuant to Section 242 of the General Corporation Law of the State of Delaware)**

Magnum Hunter Resources Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with Section 242 of the Delaware General Corporation Law, does hereby certify that:

1. The name of the corporation is Magnum Hunter Resources Corporation.
2. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 4, 1997 and the Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on February 13, 2002 (as amended, the "Certificate of Incorporation").
3. Pursuant to the authority conferred upon the stockholders of the Corporation by the Certificate of Incorporation, and pursuant to the applicable provisions of the Delaware General Corporation Law, the stockholders of the Corporation adopted the following amendment to the Certificate of Incorporation by the requisite vote at a duly called meeting of the stockholders on October 27, 2010:

The entire "Article IV – Authorized Capital Stock" in the Certificate of Incorporation is hereby deleted in its entirety and is hereby replaced with the following:

**ARTICLE IV  
Authorized Capital Stock**

This corporation is authorized to issue two classes of shares designated, respectively, "Common Stock" and "Preferred Stock" and referred to herein as Common Stock or Common Shares and Preferred Stock or Preferred Shares, respectively. The total number of shares of Common Stock this corporation is authorized to issue is 150,000,000 and each such share shall have a par value of \$0.01, and the total number of shares of Preferred Stock this corporation is authorized to issue is 10,000,000 and each such share shall have a par value of \$0.01. The Preferred Shares may be issued from time to time in one or more series. The board of directors is authorized to fix the number of shares of any series of Preferred Shares and to determine the designation of any such series. The board of directors is also authorized to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Shares and, within the limits and restrictions stated in any resolution or resolutions of the board of directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned hereby duly executed this Certificate of Amendment hereby declaring and certifying under penalty of perjury that this is the act and deed of the Corporation and the facts herein stated are true, this 2<sup>nd</sup> day of November, 2010.

MAGNUM HUNTER RESOURCES CORPORATION

By: 

Name: Gary C. Evans

Title: Chairman and Chief Executive Officer

# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "MAGNUM HUNTER RESOURCES CORPORATION", FILED IN THIS OFFICE ON THE NINTH DAY OF MAY, A.D. 2011, AT 11:50 O'CLOCK A.M.

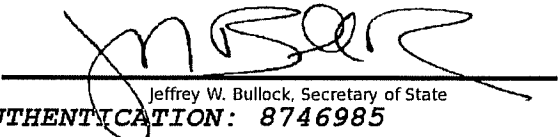
A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

2758331 8100

110508780

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 8746985

DATE: 05-09-11



**CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
MAGNUM HUNTER RESOURCES CORPORATION**

**(Pursuant to Section 242 of the General Corporation Law of the State of Delaware)**

Magnum Hunter Resources Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with Section 242 of the Delaware General Corporation Law, does hereby certify that:

1. The name of the corporation is Magnum Hunter Resources Corporation.
2. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 4, 1997 and the Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on February 13, 2002 (as amended, the "Certificate of Incorporation").
3. Pursuant to the authority conferred upon the stockholders of the Corporation by the Certificate of Incorporation, and pursuant to the applicable provisions of the Delaware General Corporation Law, the stockholders of the Corporation adopted the following amendment to the Certificate of Incorporation by the requisite vote at a duly called meeting of the stockholders on April 29, 2011:

The entire second sentence of "Article IV - Authorized Capital Stock" in the Certificate of Incorporation is hereby deleted in its entirety and is hereby replaced with the following:

"The total number of shares of Common Stock this corporation is authorized to issue is 250,000,000 and each such share shall have a par value of \$0.01, and the total number of shares of Preferred Stock this corporation is authorized to issue is 10,000,000 and each such share shall have a par value of \$0.01."

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned hereby duly executed this Certificate of Amendment hereby declaring and certifying under penalty of perjury that this is the act and deed of the Corporation and the facts herein stated are true, this 9<sup>th</sup> day of May, 2011.

MAGNUM HUNTER RESOURCES CORPORATION

By: 

Name: Gary C. Evans

Title: Chairman and Chief Executive Officer

# Delaware

PAGE 1

*The First State*

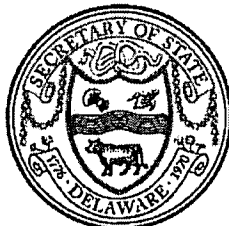
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "MAGNUM HUNTER RESOURCES CORPORATION", FILED IN THIS OFFICE ON THE TWENTY-FIFTH DAY OF JANUARY, A.D. 2013, AT 12:31 O'CLOCK P.M.

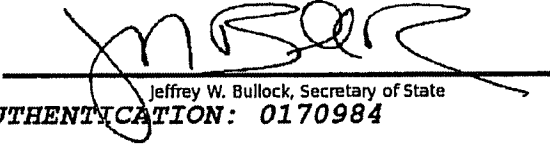
A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

2758331 8100

130091244

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 0170984

DATE: 01-25-13

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 12:31 PM 01/25/2013  
FILED 12:31 PM 01/25/2013  
SRV 130091244 - 2758331 FILE

**CERTIFICATE OF AMENDMENT  
OF  
RESTATED CERTIFICATE OF INCORPORATION  
OF  
MAGNUM HUNTER RESOURCES CORPORATION**

**(Pursuant to Section 242 of the General Corporation Law of the State of Delaware)**

Magnum Hunter Resources Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with Section 242 of the Delaware General Corporation Law, does hereby certify that:

1. The name of the corporation is Magnum Hunter Resources Corporation.
2. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 4, 1997 and the Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on February 13, 2002 (as amended, the "Certificate of Incorporation").
3. Pursuant to the authority conferred upon the stockholders of the Corporation by the Certificate of Incorporation, and pursuant to the applicable provisions of the Delaware General Corporation Law, the stockholders of the Corporation adopted the following amendment to the Certificate of Incorporation by the requisite vote at a duly called meeting of the stockholders on January 17, 2013:

The entire "Article IV – Authorized Capital Stock" in the Certificate of Incorporation is hereby deleted in its entirety and is hereby replaced with the following:

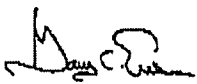
**ARTICLE IV  
Authorized Capital Stock**

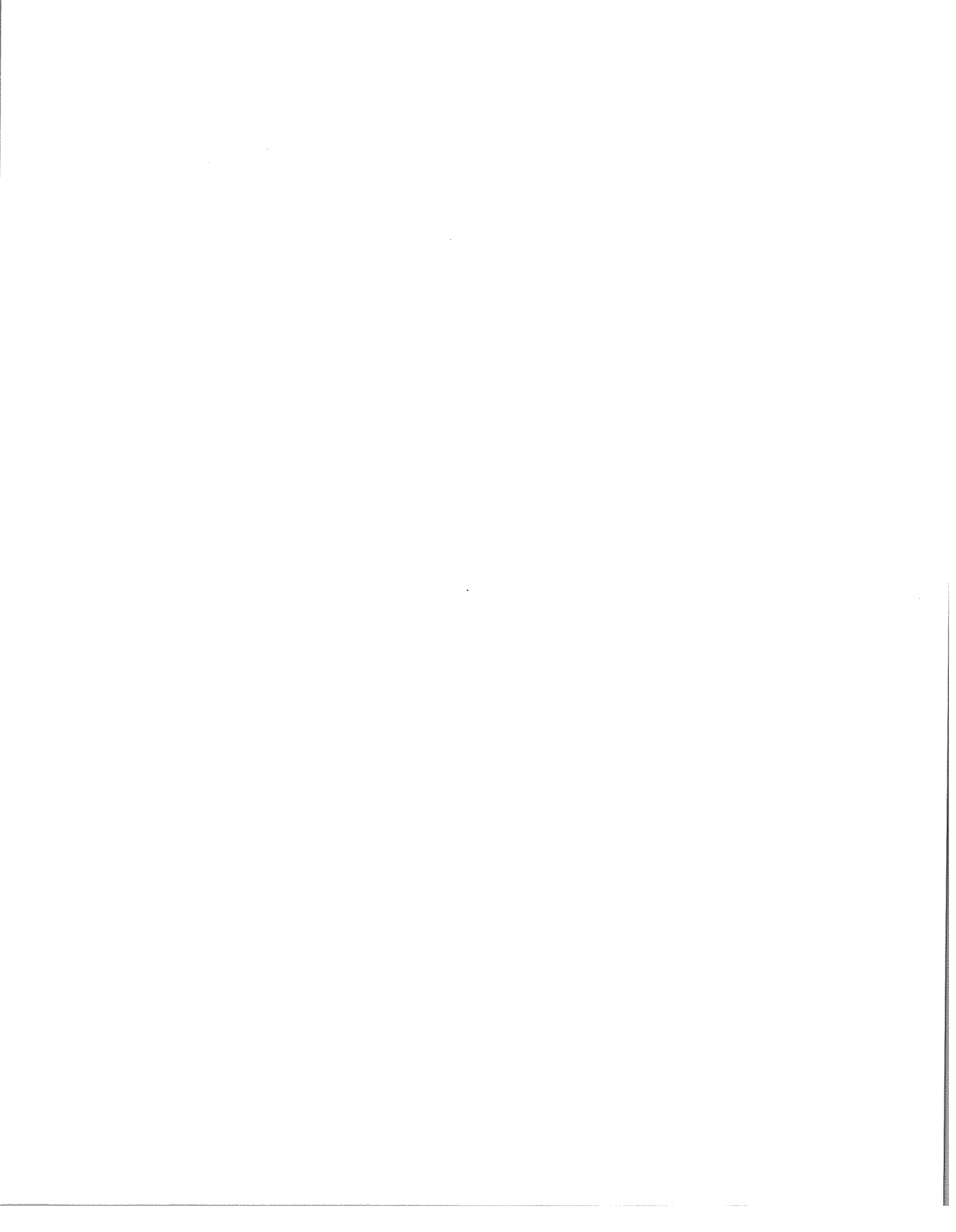
This corporation is authorized to issue two classes of shares designated, respectively, "Common Stock" and "Preferred Stock" and referred to herein as Common Stock or Common Shares and Preferred Stock or Preferred Shares, respectively. The total number of shares of Common Stock this corporation is authorized to issue is 350,000,000 and each such share shall have a par value of \$0.01, and the total number of shares of Preferred Stock this corporation is authorized to issue is 10,000,000 and each such share shall have a par value of \$0.01. The Preferred Shares may be issued from time to time in one or more series. The board of directors is authorized to fix the number of shares of any series of Preferred Shares and to determine the designation of any such series. The board of directors is also authorized to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Shares and, within the limits and restrictions stated in any resolution or resolutions of the board of directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned hereby duly executed this Certificate of Amendment hereby declaring and certifying under penalty of perjury that this is the act and deed of the Corporation and the facts herein stated are true, this 25<sup>th</sup> day of January, 2013.

MAGNUM HUNTER RESOURCES CORPORATION

By:   
Name: Gary C. Evans  
Title: Chairman and Chief Executive Officer



# Delaware

PAGE 1

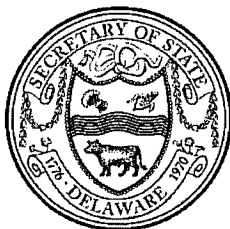
*The First State*

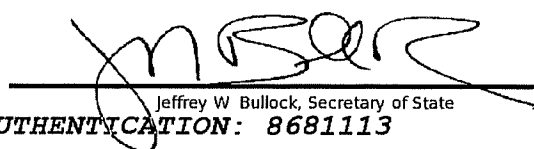
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "MHR ACQUISITION COMPANY I, LLC", CHANGING ITS NAME FROM "MHR ACQUISITION COMPANY I, LLC" TO "NGAS HUNTER, LLC", FILED IN THIS OFFICE ON THE EIGHTH DAY OF APRIL, A.D. 2011, AT 12:16 O'CLOCK P.M.

4876985 8100

110395096

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 8681113

DATE: 04-08-11


**CERTIFICATE OF AMENDMENT  
OF  
MHR ACQUISITION COMPANY I, LLC**

This Certificate of Amendment of **MHR Acquisition Company I, LLC** a Delaware limited liability company (the "**Company**"), is being duly executed and filed by the undersigned authorized person to amend the Certificate of Formation of the Company pursuant to Section 18-202 of the Delaware Limited Liability Company Act, as amended.

1. The name of the limited liability company is "MHR Acquisition Company I, LLC."
2. Article FIRST of the Certificate of Formation of the Company is hereby amended to read in its entirety as follows:

"The name of the limited liability company is NGAS Hunter, LLC."

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment as of this 7<sup>th</sup> day of April, 2011.

By:   
Name: Ronald D. Ormand  
Title: Vice President and Treasurer

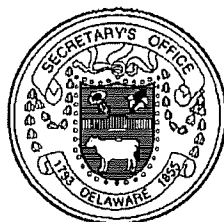


# Delaware

PAGE 1

*The First State*

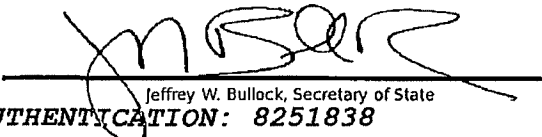
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "MHR ACQUISITION COMPANY I, LLC", FILED IN THIS OFFICE ON THE TWENTY-SEVENTH DAY OF SEPTEMBER, A.D. 2010, AT 11:39 O'CLOCK A.M.



4876985 8100

100942770

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 8251838

DATE: 09-27-10

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 11:39 AM 09/27/2010  
FILED 11:39 AM 09/27/2010  
SRV 100942770 - 4876985 FILE

**CERTIFICATE OF FORMATION**

**OF**

**MHR ACQUISITION COMPANY I, LLC**

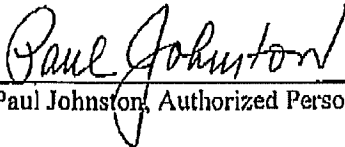
THE UNDERSIGNED, an authorized person, for the purpose of forming a limited liability company under the provisions and subject to the requirements of the State of Delaware (particularly Chapter 18, Title 6 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified and referred to as the "Delaware Limited Liability Company Act"), hereby certifies that:

1. The name of the limited liability company is MHR Acquisition Company I, LLC (the "Company").

2. The address of the registered office and the name of the registered agent of the Company for service of process at such address, as required to be maintained by § 18-104 of the Delaware Limited Liability Company Act, are as follows:

Corporation Service Company  
2711 Centerville Road, Suite 400  
Wilmington, New Castle County, Delaware 19808

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 27<sup>th</sup> day of September, 2010.

  
\_\_\_\_\_  
Paul Johnston, Authorized Person



Multi-page document. Select page: 1 2



COMMONWEALTH OF KENTUCKY  
ELAINE N. WALKER, SECRETARY OF STATE

0193715.09 amcray  
AMD  
Elaine N. Walker, Secretary of State  
Received and Filed:  
6/29/2011 2:46 PM  
Fee Receipt: \$40.00

Division of Business Filings Business Filings PO Box 718 Frankfort, KY 40602 (502) 564-3490 www.sos.ky.gov	Articles of Amendment (Domestic Profit or Professional Services Corporation)	AMD
---	---	-----

Pursuant to the provisions of KRS 14A and KRS 271B, the undersigned applies to amend articles of incorporation, and for that purpose, submits the following statements:

1. Name of the corporation on record with the Office of the Secretary of State is

NGAS Production Co.

(The name must be identical to the name on record with the Secretary of State.)

2. The text of each amendment adopted: Article 1 of the certificate of incorporation of NGAS Production Co.

shall be amended in its entirety to read as follows:

Article 1: The name of the corporation is Magnum Hunter Production, Inc.

3. If the amendment provides for an exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment, if not contained in the amendment itself, are as follows:

4. The date of adoption of each amendment was as follows: June 28, 2011

5. Check the option that applies (check only one option):

- The amendment(s) was (were) duly adopted by the incorporators prior to issuance of shares.  
 The amendment(s) was (were) duly adopted by the board of directors prior to issuance of shares.  
 The amendment(s) was (were) duly adopted by the incorporators or board of director without shareholder action as shareholder action was not required.  
 If the amendment(s) was (were) duly adopted by the shareholders, the:
- a) 100 Number of outstanding shares.  
 b) 100 Number of votes entitled to be cast by each voting group entitled to vote separately on the amendment  
 c) 100 Number of votes of each voting group indisputably represented at the meeting.  
 d) 100 The total number of votes in favor of the amendment.  
 e) 0 The number of votes against the amendment.  
 f) Yes The number of votes cast for the amendment by each voting group was sufficient.

6. This application will be effective upon filing, unless a delayed effective date and/or time is provided. The effective date or the delayed effective cannot be prior to the date the application is filed. The date and/or time is \_\_\_\_\_

(Delayed effective date and/or time)

I declare under penalty of perjury under the laws of Kentucky that the foregoing is true and correct.

<u>Ronald D. Ormand</u>	Ronald D. Ormand	Vice President & Treasurer	6/28/11
Signature of Officer or Chairman of the Board	Printed Name	Title	Date

(04/11)

Multi-page document. Select page: 1 2

0193715.09 amcray  
 AMD  
 Elaine N. Walker, Secretary of State  
 Received and Filed:  
 4/14/2011 11:48 AM  
 Fee Receipt: \$40.00



COMMONWEALTH OF KENTUCKY  
 ELAINE N. WALKER, SECRETARY OF STATE

Division of Corporations Business Filings PO Box 718 Frankfort, KY 40602 (602) 584-3480 www.sos.ky.gov	Articles of Amendment (Domestic Profit or Professional Services Corporation) <span style="float: right;">AMD</span>
---	--

Pursuant to the provisions of KRS 14A and KRS 271B, the undersigned applies to amend articles of incorporation, and for that purpose, submits the following statements:

1. Name of the corporation on record with the Office of the Secretary of State is

NGAS Production Co.

(The name must be identical to the name on record with the Secretary of State.)

2. The text of each amendment adopted: Article VIII of the Articles of Incorporation is amended and restated to read as follows:

"Article VIII: The affairs of the incorporation shall be managed by a Board of two (2) directors. The directors shall be elected by the shareholders of the corporation at the first annual meeting thereof, and each annual meeting thereafter. The Board of Directors shall have the authority to adopt, amend or repeal By-Laws governing the affairs of the corporation."

3. If the amendment provides for an exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment, if not contained in the amendment itself, are as follows:

4. The date of adoption of each amendment was as follows: April 13, 2011

5. Check the option that applies (check only one option):

- The amendment(s) was (were) duly adopted by the incorporators prior to issuance of shares.
- The amendment(s) was (were) duly adopted by the board of directors prior to issuance of shares.
- The amendment(s) was (were) duly adopted by the incorporators or board of director without shareholder action as shareholder action was not required.
- If the amendment(s) was (were) duly adopted by the shareholders, the:
  - a) 100 Number of outstanding shares.
  - b) 100 Number of votes entitled to be cast by each voting group entitled to vote separately on the amendment
  - c) 100 Number of votes of each voting group indisputably represented at the meeting.
  - d) 100 The total number of votes in favor of the amendment.
  - e) 0 The number of votes against the amendment.
  - f) 100 The number of votes cast for the amendment by each voting group was sufficient.

6. This application will be effective upon filing, unless a delayed effective date and/or time is provided. The effective date or the delayed effective cannot be prior to the date the application is filed. The date and/or time is N/A  
(Delayed effective date and/or time)

I declare under penalty of perjury under the laws of Kentucky that the foregoing is true and correct.

 Signature of Officer or Chairman of the Board	Gary C. Evans Printed Name	CEO Title	04/13/11 Date
--	-------------------------------	--------------	------------------

(01/11)



COMMONWEALTH OF KENTUCKY  
TREY GRAYSON, SECRETARY OF STATE

0193715.09 darmstrong  
AMD  
Trey Grayson, Secretary of State  
Received and Filed:  
2/22/2010 10:12 AM  
Fee Recdpt: \$40.00

Division of Corporations Business Filings PO Box 718 Frankfort, KY 40602 (502) 564-3490 www.sos.ky.gov	Articles of Amendment (Domestic Profit Corporation)	AMD
---	--	-----

Pursuant to the provisions of KRS 271B, the undersigned applies to amend articles of incorporation, and for that purpose, submits the following statements:

1. Name of the corporation on record with the Office of the Secretary of State is

Daugherty Petroleum, Inc.

(The name must be identical to the name on record with the Secretary of State.)

2. The text of each amendment adopted: Article I of the Articles of Incorporation is amended to read as follows:

"Article I. The name of the corporation shall be NGAS Production Co."

3. If the amendment provides for an exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment, if not contained in the amendment itself, are as follows:

N/A

4. The date of adoption of each amendment was as follows: February 18, 2010

5. Check the option that applies (check only one option):

- The amendment(s) was (were) duly adopted by the incorporators prior to issuance of shares.
- The amendment(s) was (were) duly adopted by the board of directors prior to issuance of shares.
- The amendment(s) was (were) duly adopted by the incorporators or board of director without shareholder action as shareholder action was not required.
- If the amendment(s) was (were) duly adopted by the shareholders, the:
  - a) 100 Number of outstanding shares.
  - b) 100 Number of votes entitled to be cast by each voting group entitled to vote separately on the amendment
  - c) 100 Number of votes of each voting group indisputably represented at the meeting.
  - d) 100 The total number of votes in favor of the amendment.
  - e) 0 The number of votes against the amendment.
  - f) 100 The number of votes cast for the amendment by each voting group was sufficient.

6. This application will be effective upon filing, unless a delayed effective date and/or time is provided. The effective date or the delayed effective cannot be prior to the date the application is filed. The date and/or time is N/A

(Delayed effective date and/or time)

I declare under penalty of perjury under the laws of Kentucky that the forgoing is true and correct.

William S. Daugherty  
Signature of Officer or Chairman of the Board

William S. Daugherty  
Printed Name

Chairman 02/18/10  
Title Date

(00/00)

# Commonwealth of Kentucky

OFFICE OF  
SECRETARY OF STATE

DREXELL R. DAVIS  
*Secretary*



FRANKFORT,  
KENTUCKY

## CERTIFICATE OF INCORPORATION

I, DREXELL R. DAVIS, Secretary of State of the Commonwealth of Kentucky, do hereby certify that Articles of Incorporation of

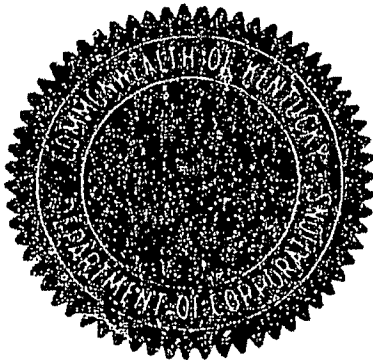
Daugherty Petroleum, Inc.

whose initial agent for process is William S. Daugherty, III

Route 14, Box 59C

and whose address is Bowling Green, Kentucky

duly signed according to law, have been filed in my office. I further certify that all taxes, fees and charges payable upon the filing of said Articles of Incorporation have been paid.



SECRETARY OF STATE

Given under my hand and seal of Office as Secretary of State,  
at Frankfort, Kentucky, this 20th  
day of September, 19 84.

*Drexell R. Davis*

SECRETARY OF STATE

ASSISTANT SECRETARY OF STATE





0300833

ARTICLES OF AMENDMENT  
TO THE ARTICLES OF INCORPORATION OF  
SENTRA PETROLEUM, INC.  
A KENTUCKY CORPORATION

RECEIVED & FILED  
\$40.00  
JAN 22 3 40 PM '98  
KENTUCKY SECRETARY OF STATE

Pursuant to KRS 271B.10-060, the undersigned corporation executes these articles of amend to its Articles of Incorporation as set out below:

- FIRST. The name of the corporation is Sentra Petroleum, Inc.
- SECOND. The Articles of Incorporation of Sentra Petroleum, Inc. as amended to date are amended as follows:

ARTICLE I  
Corporation Name

The name of the corporation shall be Sentra Corporation.

- THIRD. The effective date of each and every amendment set forth above is the date of filing of these Articles of Amendment.
- FOURTH. Each and every amendment as set forth above was duly adopted by the board of directors and shareholders in accordance with the Articles of Incorporation, the By-Laws of the Company, or the provisions of KRS Chapter 271B.

DATED: 1/15/98

SENTRA PETROLEUM, INC.

By: William S. Daugherty  
William S. Daugherty  
Its: Chairman and President

Multi-page document. Select page: 1 2 3 4 5 6 7 8

300833

ARTICLES OF INCORPORATION  
OF  
SENTRA PETROLEUM, INC.

RECEIVED & FILED  
\$50.00  
May 22 10 07 AM '92  
REC. SEC. STATE  
TREASURY

The Undersigned, on this 18th day of May, 1992, in order to form a corporation for the objects and purposes hereinafter set forth, pursuant to the provisions of the Kentucky Business Corporation Act, does hereby adopt the following Articles of Incorporation for the following named corporation.

ARTICLE I: Corporation Name

The name of the corporation to be established and organized hereby is as follows, to-wit:

SENTRA PETROLEUM, INC. /

675802

By and through the foregoing name, and any assumed name or names which the corporation to be established and organized hereunder may hereafter adopt, according to applicable law, said corporation, (hereinafter "the Corporation") may adopt a corporate seal, become identified by certain trademarks and service-marks, carry on its affairs and be dealt with as a legal entity to the full extent provided by law for private corporations.

ARTICLE II: Corporate Objectives And Purposes

A. The objectives and purposes for which the Corporation is organized is for oil and gas leasing, exploration and management, and to do generally all and every other thing necessary and incident thereto and further to engage in the transactions of any and all lawful business for which corporations may be incorporated under the Kentucky Business Corporation Act.

ARTICLE III: Corporate Existence And Period Of Duration

The Corporation shall commence its existence upon the issuance of its certificate of incorporation and shall continue perpetually unless terminated as herein provided, or according to law.

ARTICLE IV: Capital Stock; Aggregate Number Of Shares; Par Value; Stock Issued In Series; Voting Rights

A. Capital Stock. The aggregate number of share of Capital Stock which the Corporation shall have authority to issue shall be:

ONE THOUSAND (1,000) ✓

None of such shares shall have a par value. Such shares so authorized shall be classified and designated as:

COMMON STOCK

Multi-page document. Select page: 1 2 3 4 5 6 7 8

Multi-page document. Select page: 1 2 3 4 5 6 7 8

B. To the extent permitted by applicable law, the Board of Directors of the Corporation shall have the power and authority to establish that the Capital Stock of the Corporation be issued in series with variations in the relative rights and preferences as between series, and to thereby fix and determine such rights and preferences.

C. Voting Rights. To the extent permitted by applicable law, the entire voting power of the Corporation shall be vested in the holders of Common Stock who shall be entitled to one (1) vote per share for each share of Common Stock held by them on record on an applicable record date, except at each election of directors every shareholder entitled to vote at such election shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates. However, the foregoing provision for cumulative voting shall not apply in the event that the shareholders enter into an agreement providing for certain specified persons to be elected to the Board of Directors of the Corporation.

D. Preemptive Rights. Unless waived, as provided herein, each holder of Common Stock of the Corporation shall have the first right (subject to pragmatic adjustments to avoid the issue of fractional shares) to purchase additional shares of Common Stock of the Corporation that may after the first issue thereof from time to time be issued (whether or not presently authorized), including shares from the treasury of the Corporation, in the ratio that the number of shares of Common Stock that he holds at the time of the issue bears to the total number of shares of Common Stock outstanding. Any shareholder or subscriber to the Capital stock of the Corporation may enter into a written agreement with the Corporation and any other shareholder or subscriber that provides for the waiver of the foregoing preemptive rights, provided that such agreement is adopted or ratified by the Board of Directors of the Corporation and a copy of same if filed with the secretary of the Corporation to be maintained within the Corporation's permanent records. Unless the Board grants an extension, this right shall be deemed waived by any holder of Common Stock who does not exercise it within ten (10) days of receipt of a notice in writing from the Corporation inviting him to exercise the right and within twenty (20) days after he has given notice of his intent to exercise such right but has failed to pay for such stock.

ARTICLE V: Requisition on Acquisition and Transfer of Stock

Any two (2) or more shareholders or subscribers to the capital stock of the Corporation may enter into a written agreement among themselves and/or with the Corporation which may abridge, limit, or restrict the rights of any one or more of them, as shareholders, to acquire, hold, sell, assign, transfer, mortgage, pledge, hypothecate, or transfer on the books of the Corporation, any or all of the stock of the Corporation held by them, and any of the incorporators or the shareholders entitled to vote may adopt any By-law provision abridging, limiting or restricting the aforesaid rights of any shareholders; however, in the event that such an agreement is entered into, it will not be valid or binding between the parties or the Corporation unless a copy is first filed with the Secretary of the Corporation and recited in the

Multi-page document. Select page: 1 2 3 4 5 6 7 8

Multi-page document. Select page: 1 2 3 4 5 6 7 8

corporate minutes, and no such agreement or By-law provision abridging, limiting or restricting the aforesaid rights of the shareholders shall be valid or binding between the parties or the Corporation unless all certificates or restrictions have a reference thereto endorsed upon them giving notice thereof and such stock shall not thereafter be transferred on the Corporate books except in accordance with the terms and provisions of such agreement or By-law, as the case may be, and no holder of any certificate of such shares shall be entitled to any dividends thereon, or to participate in any of the profits of the Corporation, until the shares are regularly transferred to him on the books of the Corporation in accordance with the By-laws.

**ARTICLE VI: Dividends; Liquidation Or Distribution Of Assets**

The Board of Directors may, from time to time, declare and the Corporation may pay dividends on its outstanding shares in the manner and upon the terms and conditions provided by law. Each share of Common Stock shall entitle the holder thereof to participate equally in any partial or total liquidation or distribution of assets, after payment of all debts and retirement of all preferences, unless the holder thereof has entered into an agreement which provides otherwise.

**ARTICLE VII: By laws; Governing Authority; By-laws Not To Be Of Public Record; Adoption And Amendment Of By-laws**

A. All affairs of the Corporation which are not governed or addressed by the Articles of Incorporation of the Corporation shall be governed by the By-laws of the Corporation. (Herein, "the By-laws".) Any inconsistency contained within the provisions of the Articles of Incorporation and the By-laws of the Corporation shall be resolved in accordance with the provisions contained within the Articles of Incorporation of the Corporation. A copy of the initial By-laws of the Corporation and any amendment thereto, including any restated By-laws or other new By-laws may be filed by the Secretary of the Corporation with the officer in charge of whatever governmental agency of the Commonwealth of Kentucky.

B. The initial By-laws of the Corporation, to be designated as such, shall be adopted by the Corporation's initial Board of Directors; thereafter, the power to adopt, amend or repeal the By-laws of the Corporation shall be vested solely unto the registered holders of the Common Stock of the Corporation entitled to vote at any duly called meeting of the shareholders.

**ARTICLE VIII: Public Notice Of Limitation Upon Power And Authority Of Persons To Act On Behalf Of Corporation And Bind Same; Public Notice That Corporation Shall Not Be Bound By Implied Contracts Or Other Such Obligations**

No director, officer, employee, or agent of the Corporation shall have the power and authority to act on behalf of the Corporation or make any representations on behalf of the Corporation and thereby bind the Corporation or cause the Corporation to become amenable to any liability other than those persons specifically authorized to do so by and through the provisions contained within the Articles of Incorporation and By-laws of the Corporation

Multi-page document. Select page: 1 2 3 4 5 6 7 8

Multi-page document. Select page: 1 2 3 4 5 6 7 8

and such persons so authorized to act on behalf of the Corporation and so authorized to make representations on behalf of the Corporation shall be limited in their authority to do so only to the extent expressly granted unto them by and through said documents.

B. The public is hereby given notice that the Corporation shall not be bound or otherwise become liable to any persons or party on the basis of any implication arising from the acts or representations of any of its officers, employees, or agents.

ARTICLE IX: Board Of Directors, Initial Board Of Directors,  
Number Of Directors, Term Of Office, Election  
Of Directors

A. The affairs of the Corporation shall be managed and conducted by a Board of Directors. Directors need not be residents of the State of Kentucky, or shareholders of the Corporation.

B. The number of directors constituting the Initial Board of Directors of the Corporation shall be one (1). The name and address of the person who shall serve as the Initial Director is:

William S. Daugherty  
121 Prosperous Place, Suite 1-A  
Lexington, Kentucky 40509

C. The above-named member of the Initial Board of Directors shall serve as the director until the first Annual Meeting of the Shareholders or until his successor is elected and has qualified. The number of directors shall be fixed by the By-laws and the number may be decreased or increased by the Initial Board of Directors upon adoption of the Initial By-laws. The aggregate number of directors shall never be less than one (1), nor more than five (5), the election and term of office of the directors, their qualifications, compensation, and provisions for the filling of vacancies and removal shall be determined and fixed in the manner prescribed by the By-laws, which may provide that the shareholders may enter into an agreement providing for certain specified persons to be elected to the Board of Directors of the Corporation.

ARTICLE X: Executive Officers; Other Officers; Powers, Authority and  
Duties of Officers.

The executive officers of the Corporation shall consist of a president, a secretary and a treasurer, and such other executive officers and assistant executive officers as may be provided for by the By-laws. The By-laws may provide for the appointment from time to time of any non-executive officers deemed necessary in order to benefit the Corporation. The President, Secretary and Treasurer shall be members of the Board of Directors of the Corporation and shall be elected by the Board of Directors of the Corporation in the manner prescribed by the By-laws. Unless the By-laws provide otherwise, the President, Secretary, and Treasurer shall serve for a term of one (1) year or until their respective successors are elected and have formally accepted their respective elected offices. All other executive officers and assistant executive officers need not be members of the Board of Directors of the Corporation, but shall possess such other qualifications as may be prescribed by the By-laws, and their election or appointment and term

Multi-page document. Select page: 1 2 3 4 5 6 7 8

Multi-page document. Select page: 1 2 3 4 5 6 7 8

of office shall be prescribed by the By-laws. Any two or more executive offices may be held by the same person, except the offices of secretary and assistant secretary may not be held by a person who holds any other executive office. The President of the Corporation shall be the only officer of the Corporation who shall have plenary power and authority to ostensibly bind the Corporation and such power and authority may be limited by the By-laws. All other officers of the Corporation shall have only such power and authority to bind the Corporation as may be specifically granted unto them by the By-laws. The duties of all officers of the Corporation shall be set forth within the By-laws.

ARTICLE XI: Executive Committee, Other Committees, Corporate Division, And Division Heads

A. The By-laws may provide for the establishment of an Executive Committee, and other committees within the Corporation. The By-laws may provide that the Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided within the By-laws, shall have and may exercise all the powers and authority of the Board of Directors of the Corporation, but no such committee shall have the authority of the Board of Directors in reference to amending the Articles of Incorporation, adopting a plan of merger of consolidation, recommending to the shareholders the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Corporation otherwise than in the usual and regular course of its business, recommending to the shareholders a voluntary dissolution of the Corporation or a revocation thereof, or amending the By-laws of the Corporation.

B. The By-laws may also provide for establishing certain divisions and groups within the Corporation and such divisions and groups may have division and group heads who may be non-executive officers of the Corporation. The same powers and authority that may be exercised by a committee of the Corporation may also be delegated to a division or group within the Corporation. No division, group, or any division or group head shall have the authority to legally bind the Corporation except as specifically be provided within the By-laws.

C. The affairs and proceedings of the Executive Committee and any other committees, groups, and divisions which may be established shall be governed by the procedures for same set forth within the By-laws.

ARTICLE XII: Meetings Of The Shareholders, Board Of Directors, Committees, Groups And Divisions; Quorums Greater Than Simple Majority; Special Voting Requirements

All meetings of any shareholders, Board of Directors, any committees, groups or divisions of the Corporation shall be called, conducted, and held in such manner, at such times and places as shall be prescribed by the By-laws. The By-laws may provide that it shall be necessary to have more than a simple majority of the shares entitled to vote to be represented in person or by proxy in order to constitute a quorum at a meeting of the shareholders and more than a simple majority of the members present in order to constitute a quorum at a meeting of the Board of Directors or any

Multi-page document. Select page: 1 2 3 4 5 6 7 8

Multi-page document. Select page: 1 2 3 4 5 6 7 8

committee, group, or division of the Corporation in order that business may be conducted by such bodies. The act of a majority of the shares entitled to vote at a meeting of the shareholders and a majority of the votes of the members present at a meeting of the Board of Directors or any committee, group or division of the Corporation where a quorum exists, shall constitute and be the act of such bodies unless the By-laws require a greater number of votes or a unanimous vote in order to be the act of such bodies.

ARTICLE XIII: Compensation Of Directors And Officers

The members of the Corporation's Board of Directors and the Corporation's officers may be paid compensation for their services. Whether they shall be compensated and the amount of same shall be determined and authorized by the Corporation's Board of Directors.

ARTICLE XIV: Transactions In Which Officers, Directors, Or Shareholders Have An Interest

No officer, director or shareholder of the Corporation shall be disqualified by his office or status from dealing or contracting with the Corporation either as a vendor, purchaser, or otherwise, nor shall any transaction or contract of this Corporation be void or voidable by reason of the fact that any such person or any firm of which any such person is a shareholder, officer, or director, is in any way interested in such transaction or contract, provided that such contract or transaction is not manifestly unfair to the Corporation, and such interest has been disclosed to the Board of Directors of the Corporation and such transaction or contract is approved by a vote of majority of the Board of Directors without counting in such majority any such person so interested; nor shall any such person be liable to account to the Corporation for any profits realized by or from or through any such transaction or contract which has been approved as aforesaid by reason of the fact that such person was interested in such transaction or contract.

ARTICLE XV: Shareholders, Directors And Officers Competing With The Corporation And Seizing Corporate Opportunities

The By-laws of the Corporation may provide for certain conditions whereby shareholders, directors, and officers of the Corporation may be permitted to participate directly or indirectly in certain business activities independent of the Corporation which might otherwise cause such parties to become liable to the Corporation for civil damages and subject to such other remedies which may include, but not be limited to redemption of their stock, and removal or dismissal from office or employment as a result of their breach of the fiduciary duties that are imposed upon them by law by reason of their relationship with the Corporation that prohibits their competing with the Corporation in its business activities or seizing a business opportunity that may offer the possibility of providing benefits or gains which rightfully belong to and should be enjoyed by the Corporation.

ARTICLE XVI: Indemnification Of Persons And Parties By The Corporation

The Corporation shall have the power and authority to indemnify and hold harmless any persons or parties to the full extent permissible by law; however, the Corporation shall not indemnify or hold harmless any person

Multi-page document. Select page: 1 2 3 4 5 6 7 8

Multi-page document. Select page: 1 2 3 4 5 6 7 8

or parties except to the extent and in the manner specifically prescribed within the By-laws, and no agreement, express or implied, whereby the Corporation undertakes or is assumed to indemnify or hold harmless any persons or parties shall be binding upon the Corporation unless the terms of such agreement are in strict conformity with the requirements set forth within the By-laws and such agreement does not exceed the limitation set forth within the By-laws, and such agreement is in written form and entered into in the manner prescribed by the By-laws.

ARTICLE XVII: Registered Office

The address of the Registered Office and principal place of business of the Corporation shall be:

121 Prosperous Place, Suite 1-A  
Lexington, Kentucky 40509

ARTICLE XVIII: Registered Agent

The name and address of the Registered Agent of the Corporation shall be:

William S. Daugherty  
121 Prosperous Place, Suite 1-A  
Lexington, Kentucky 40509

ARTICLE XIX: Incorporator

The name and address of the Corporation's incorporator is:

William S. Daugherty  
121 Prosperous Place, Suite 1-A  
Lexington, Kentucky 40509

IN TESTIMONY WHEREOF, the foregoing named incorporator does hereby set forth his signature on this 18th day of May, 1991.

SENTRA PETROLEUM, INC.

*W.S. Daugherty*  
William S. Daugherty

Multi-page document. Select page: 1 2 3 4 5 6 7 8



Multi-page document. Select page: [1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#) [8](#)

**Daugherty  
Petroleum, Inc.**



PLEASE RETURN FILED COPIES TO:

SENTRA PETROLEUM, INC.  
121 Prosperous Place  
Suite 1-A  
Lexington, KY 40509

Multi-page document. Select page: [1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#) [8](#)



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

THE JOINT APPLICATION OF	)	
MAGNUM HUNTER RESOURCES	)	
CORPORATION, NGAS HUNTER,	)	CASE NO. 2014-_____
LLC, MAGNUM HUNTER	)	
PRODUCTION, INC. AND SENTRA	)	
CORPORATION FOR APPROVAL	)	
OF PROPOSED REORGANIZATION	)	

**DIRECT TESTIMONY OF**  
**JAMES W. DENNY, III**  
**ON BEHALF OF**  
**MAGNUM HUNTER RESOURCES CORPORATION,**  
**NGAS HUNTER, LLC, MAGNUM HUNTER**  
**PRODUCTION, INC. AND SENTRA CORPORATION**

**FEBRURARY 3, 2014**

1 **Q. Please state your name and Kentucky business address.**

2 A. My name is James W. Denny, III. My Kentucky business address is 120  
3 Prosperous Place, Suite 201, Lexington, KY 40509.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by and am the Executive Vice President of Magnum Hunter  
6 Resources Corporation ("MHR") and President of NGAS Hunter, LLC ("NGAS"),  
7 Magnum Hunter Production, Inc. ("MHP") and Sentra Corporation ("Sentra"), the  
8 Applicants in this proceeding.

9 **Q. What is the purpose of your testimony in this proceeding?**

10 A. The purpose of my testimony is to explain and support why the proposed  
11 reorganization set forth in the plan of reorganization that is described in the Joint  
12 Application in this proceeding should be approved by the Kentucky Public  
13 Service Commission (the "Commission"). As explained below, the proposed  
14 reorganization will cause Sentra, which currently is indirectly owned and  
15 controlled by MHR through a direct and an indirect subsidiary of MHR, to be  
16 directly owned and controlled by MHR.

17 **Q. Please state your educational background and employment experience.**

18 A. I am a graduate of University of Louisiana-Lafayette with a Bachelor of Science  
19 undergraduate degree in Petroleum Engineering. On March 1, 2008, I accepted  
20 the position of Chief Operating Officer of MHR and on May 4, 2011, I accepted a  
21 reappointment to the position of Executive Vice President of MHR and President  
22 of MHR's Appalachian Basin Division which includes NGAS, MHP and Sentra. I  
23 have more than 43 years of oil and gas industry-related experience. Prior to

24 joining MHR, I served as President and Chief Executive Officer of Gulf Energy  
25 Management Company, a wholly-owned subsidiary of Harken Energy  
26 Corporation. I am a registered Professional Engineer (Louisiana) and a Certified  
27 Earth Scientist. I am also a member of various industry associations, including  
28 the American Petroleum Institute, National Society of Professional Engineers,  
29 Society of Petroleum Engineers, and the Society of Petroleum Evaluation  
30 Engineers.

31 **Q. What are your duties and responsibilities with Magnum Hunter Production,**  
32 **Inc.?**

33 A. I am currently responsible for the overall management and performance of all of  
34 MHR's operations in the Appalachian Basin, which includes the oversight of  
35 Sentra's operations. I have the overall responsibility of leading these  
36 businesses forward and establishing their strategic plan. My current  
37 responsibilities include all aspects of MHR's Appalachian Basin division's day-to-  
38 day operations.

39 **Q. Please describe the proposed reorganization?**

40 A. MHP will assign its equity interest in Sentra to MHR, as described in the Joint  
41 Application.

42 **Q. What is the business purpose of the proposed reorganization?**

43 A. MHR has identified a number of non-core properties, which MHR believes  
44 represent approximately \$100 million to \$200 million in aggregate value, for  
45 possible divestiture in 2014. The business purpose of the proposed

46 reorganization is to enable MHR to change the organizational structure of certain  
47 of its direct and indirect subsidiaries to facilitate the possible divestitures.

48 **Q. Are you familiar with the test applied by the Commission to determine**  
49 **whether to consent to and approve transactions like this one?**

50 A. Yes. My understanding is that the applicants must show the Commission that  
51 the acquiring company has the financial, technical and managerial ability to  
52 cause the acquired company to continue to provide reasonable service to its  
53 customers after the completion of the proposed acquisition; that the proposed  
54 acquisition will be made in accordance with law; and that the proposed  
55 acquisition is consistent with the public interest. In evaluating a proposed  
56 acquisition, the Commission looks at whether it will adversely affect the public in  
57 Kentucky. The proposed acquisition does not require a showing of increased  
58 benefits to obtain Commission approval.

59 **Q. Does the change in the direct ownership and control of Sentra by reason of**  
60 **the proposed reorganization fulfill all aspects of that test?**

61 A. Yes, it does.

62 **Q. Please explain.**

63 A. First, as set forth in the Joint Application, which references the Form 10-K for the  
64 period ending December 31, 2012 filed by MHR on June 14, 2013 with the U.S.  
65 Securities and Exchange Commission, MHR has substantial resources and  
66 financial capabilities. Second, MHR currently conducts substantial and  
67 widespread operations in the oil and gas industry and has an experienced  
68 management team. MHR's available resources, its managerial experience and its

69 successful history of operations demonstrate that MHR has the financial,  
70 technical and managerial ability to ensure that Sentra's Kentucky customers will  
71 continue to receive safe and reliable service after the completion of the proposed  
72 reorganization. Third, the change in the direct ownership and control of Sentra by  
73 reason of the proposed reorganization will be made in accordance with law.  
74 Finally, the change in the direct ownership and control of Sentra by reason of the  
75 proposed reorganization is consistent with the public interest.

76 **Q. How is the proposed reorganization consistent with the public interest?**

77 A. The proposed reorganization will cause Sentra to be owned directly, rather than  
78 indirectly as it currently is, by a substantial, financially strong and well-managed  
79 company that conducts extensive operations in the oil and gas industry and has  
80 access to additional capital as needed. However, this change in the form of  
81 ownership will not result in any change in the operations of Sentra in Kentucky,  
82 and thus the proposed reorganization will not have any impact on Sentra's  
83 customers or the public.

84 **Q. Will the proposed reorganization cause Sentra to seek to increase rates for**  
85 **its Kentucky customers?**

86 A. No. Sentra will continue to charge the rates set forth in its tariff that is currently  
87 on file with the Commission. Further, Sentra will not request recovery in its  
88 Kentucky rates of any costs of completing the proposed reorganization. Of  
89 course, Sentra may seek to change its rates in the future, in compliance with the  
90 Commission's rules.

91 **Q. Will the current Kentucky-based Sentra employees continue to be**  
92 **employed in their same capacities after the completion of the proposed**  
93 **reorganization?**

94 A. Yes. The proposed reorganization will not have any impact on Sentra's  
95 Kentucky-based employees.

96 **Q. Will the proposed reorganization have any impact on Sentra's day-to-day**  
97 **operations?**

98 A. No. Although the direct ownership and control of Sentra will change, the day-to-  
99 day operations of Sentra will remain under the oversight of the same managers  
100 who are currently responsible for those operations.

101 **Q. In summary, why should the Commission approve the change in the direct**  
102 **ownership and control of Sentra by reason of the proposed reorganization?**

103 A. My testimony and the Joint Application demonstrate that the change in the direct  
104 ownership and control of Sentra by reason of the proposed reorganization  
105 satisfies the tests applied by the Commission to transactions like this one.

106 **Q. Does this conclude your direct testimony?**

107 A. Yes, it does.



VERIFICATION

Ohio  
STATE OF ~~TEXAS~~ )  
Washington )  
COUNTY OF ~~HARRIS~~ )

SS:

The undersigned, James W. Denny, III, being duly sworn, deposes and says he has read the foregoing Direct Testimony and has personal knowledge of the matters contained therein, and that such matters are true and correct to the best of his information, knowledge and belief.

*James W. Denny, III*  
James W. Denny, III

Subscribed and sworn to before me, a Notary Public in and before said County and State this 3<sup>rd</sup> day of February, 2014.



ELIZABETH R. TEBAY  
NOTARY PUBLIC  
in and for The State of Ohio  
My Commission Expires  
2-27-16

*Elizabeth R. Tebay* (SEAL)  
Notary Public