Resource Energy, LLC
Form S-4/A
November 26, 2013
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As filed with the Securities and Exchange Commission on November 26, 2013

Registration No. 333-189741

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

ATLAS RESOURCE PARTNERS, L.P.*

ATLAS ENERGY HOLDINGS OPERATING COMPANY, LLC

ATLAS RESOURCE FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**1311**	**45-3591625**
Delaware	**1311**	**27-4735285**
Delaware	**1311**	**90-0812516**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

Park Place Corporate Center One

1000 Commerce Drive, 4th Floor

Pittsburgh, PA 15275-1011

(800) 251-0171

(Address, including zip code, and telephone number, including area code, of registrant s principal executive office)

Edward E. Cohen

Atlas Resource Partners GP, LLC

Park Place Corporate Center One

1000 Commerce Drive, 4th Floor

Pittsburgh, PA 15275-1011

(800) 251-0171

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Please send copies of communications to:

J. Baur Whittlesey, Esq.

Mark E. Rosenstein, Esq.

Ledgewood

1900 Market Street

Philadelphia, Pennsylvania 19103

(215) 731-9450

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

* See table of additional registrants.

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Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address, including zip code, and telephone number, including area code, of registrant s principal executive offices
Atlas Resources, LLC	Pennsylvania	20-4822875	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
Viking Resources, LLC	Pennsylvania	20-5365124	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
Resource Energy, LLC	Delaware	20-5365174	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
ARP Barnett, LLC	Delaware	90-0812567	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
ARP Barnett Pipeline, LLC	Delaware	61-1682295	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
Atlas Barnett, LLC	Texas	26-2654688	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
Atlas Noble, LLC	Delaware	20-5365139	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171

REI-NY, LLC	Delaware	20-5365147	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
Atlas Energy Indiana, LLC	Indiana	26-3210546	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
Atlas Energy Tennessee, LLC	Pennsylvania	26-2770794	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
Atlas Energy Ohio, LLC	Ohio	20-5365198	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
ARP Oklahoma LLC	Oklahoma	90-0815193	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
Atlas Energy Colorado, LLC	Colorado	45-2120015	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
Resource Well Services, LLC	Delaware	20-5365162	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
ARP Production Company, LLC	Delaware	46-3060124	Park Place Corporate Center One 1000 Commerce Drive, 4th Floor Pittsburgh, PA 15275-1011 (800) 251-0171
ARP Mid-Continent, LLC	Delaware	80-0959365	Park Place Corporate Center One

1000 Commerce Drive, 4th Floor

Pittsburgh, PA 15275-1011

(800) 251-0171

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated November 26, 2013

Prospectus

ATLAS RESOURCE PARTNERS, L.P.

ATLAS ENERGY HOLDINGS OPERATING COMPANY, LLC

ATLAS RESOURCE FINANCE CORPORATION

Offer to Exchange

Registered 7.75% Senior Notes due 2021

for

All outstanding 7.75% Senior Notes due 2021 issued January 23, 2013

($275,000,000 in principal amount outstanding)

Terms of the exchange offer:

We are offering to exchange, upon the terms of and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, all of outstanding 7.75% Senior Notes due 2021 issued on January 23, 2013 by Atlas Energy Holdings Operating Company, LLC and Atlas Resource Finance Corporation, for registered 7.75% Senior Notes due 2021. In this prospectus, we refer to the notes originally issued on January 23, 2013 as the new issue notes and the registered notes the exchange notes.

The terms of the exchange notes will be identical in all material respects to the terms of the new issue notes, except that the transfer restrictions, registration rights and additional interest provisions of the new issue notes will not apply to the exchange notes.

The exchange offer expires at 5:00 p.m., New York City time, on , 2013, unless extended.

You may withdraw your tender of new issue notes at any time before the expiration of the exchange offer. We will exchange all new issue notes validly tendered and not withdrawn.

The exchange offer is not subject to any condition other than that the exchange offer not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission.

There is no existing public market for the exchange notes. We do not intend to list the exchange notes on any securities exchange or seek approval for quotation through any automated trading system.

We will not receive any cash proceeds from the exchange offer.

Interest on the exchange notes will be paid at the rate of 7.75% per annum, semi-annually in arrears on each January 15 and July 15.

Please read Risk Factors beginning on page 13 for a discussion of factors you should consider before participating in the exchange offer.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Each broker-dealer that receives the exchange notes for its own account pursuant to this exchange offer must acknowledge by way of the letter of transmittal that it will deliver a prospectus in connection with any resale of the notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of the exchange notes received in exchange for new issue notes where such new issue notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed to make this prospectus available for a period of 180 days from the expiration date of this exchange offer to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

The date of this prospectus is , 2013.

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This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained in or incorporated by reference into this prospectus and in the letter of transmittal accompanying this prospectus. We have not authorized anyone to provide you with any other information. If you receive any unauthorized information, you must not rely on it. We are not making an offer to sell these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus or in the documents incorporated by reference into this prospectus are accurate as of any date other than the date on the front cover of this prospectus or the date of such incorporated documents, as the case may be.

This prospectus incorporates by reference business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge upon written or oral request directed to: Investor Relations, Atlas Resource Partners, L.P., Park Place Corporate Center One, 1000 Commerce Drive, 4th Floor, Pittsburgh, PA 15275-1011; telephone number: (877) 280-2857. To obtain timely delivery, you must request the information no later than , 2013 [5 business days before expiration date].

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, forward-looking statements. The forward-looking statements are based on our current expectations and projections about future events. Readers should consider the various factors, including those discussed in our annual report for the year ended December 31, 2012 and our quarterly report on for the quarter ended September 30, 2013 under Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and Critical Accounting Policies and Estimates, on file with the SEC for additional factors that may affect our performance. In some cases, you can identify forward-looking statements by terminology such as may, will, should, could, predicts, projects, potential, continue, expects, anticipates, future, intends, plans, negative of those terms and other variations of them or by comparable terminology.

These forward-looking statements are only predictions, not historical facts, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ materially from those stated, anticipated or implied by such forward-looking statements. While we believe that our assumptions are reasonable, it is very difficult to predict the impact of known factors, and of course, it is impossible to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this offering memorandum include, among others:

- future financial and operating results;
- resource potential;
- declines in natural gas and oil prices;
- success in efficiently developing and exploiting our reserves and economically finding or acquiring additional recoverable reserves;
- the accuracy of estimated natural gas and oil reserves;
- the financial and accounting impact of hedging transactions;
- the ability to fulfill our substantial capital investment needs;
- expectations with regard to acquisition activity, or difficulties encountered in connection with acquisitions, dispositions or similar transactions;
- restrictive covenants in indebtedness that may adversely affect operational flexibility;
- potential changes in tax laws which may impair the ability to obtain capital funds through investment partnerships;
- the ability to raise funds through investment or through access to the capital markets;

the ability to obtain adequate water to conduct drilling and production operations, and to dispose of the water used in and generated by these operations at a reasonable cost and within applicable environmental rules;

the costs of Pennsylvania s newly enacted drilling impact fees;

the effects of intense competition in the natural gas and oil industry;

general market, labor and economic conditions and related uncertainties;

the ability to retain certain key customers;

dependence on the gathering and transportation facilities of third parties;

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- the availability of drilling rigs, equipment and crews;
- potential incurrence of significant costs and liabilities in the future resulting from a failure to comply with new or existing environmental regulations or an accidental release of hazardous substances into the environment;
- uncertainties with respect to the success of drilling wells at identified drilling locations;
- expirations of undeveloped leasehold acreage;
- uncertainty regarding leasing operating expenses, general and administrative expenses and funding and development costs;
- exposure to financial and other liabilities of the managing general partners of the investment partnerships;
- the ability to comply with, and the potential costs of compliance with, new and existing federal, state, local and other laws and regulations applicable to our business and operations; and
- exposure to new and existing litigation.

TERMS USED IN THIS PROSPECTUS

Unless otherwise noted or indicated by the context, in this prospectus:

- the terms the Partnership, we, our and us refer to Atlas Resource Partners, L.P. and its subsidiaries;
- the term our general partner refers to Atlas Resource Partners GP, LLC, a wholly-owned subsidiary of Atlas Energy, L.P. (NYSE: ATLS);
- The term Issuers means, collectively, Atlas Energy Holdings Operating Company, LLC and Atlas Resource Finance Corporation;
- we refer to natural gas liquids, such as ethane, propane, normal butane, isobutane and natural gasoline, as NGLs ;
- we refer to billion cubic feet as Bcf, million cubic feet as MMcf, thousand cubic feet as Mcf, million cubic feet per day as MMcfd, thousand cubic feet per day as Mcfd, barrels as Bbl, barrels per day as Bbld, British Thermal Unit as Btu and million British Thermal Units as MMbtu ; and
- the $275.0 million of 7.75% senior notes due 2021 we issued on January 23, 2013 are referred to as the new issue notes, the registered notes are referred to as the exchange notes, and the new issue notes and the exchange notes are collectively referred to as the notes.

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SUMMARY

This summary highlights information included or incorporated by reference in this prospectus. It may not contain all of the information that is important to you. This prospectus includes information about the exchange offer and includes or incorporates by reference information about our business and our financial and operating data. Before deciding to participate in the exchange offers, you should read this entire prospectus carefully, including the financial data and related notes incorporated by reference in this prospectus and the Risk Factors section.

Atlas Resource Partners, L.P.

We are a publicly-traded master limited partnership (NYSE: ARP) and an independent developer and producer of natural gas and oil, with operations in basins across the United States. We are a leading sponsor and manager of tax-advantaged investment partnerships in which we co-invest to finance a portion of our natural gas and oil production activities. We believe we have established a strong track record of growing our reserves, production and cash flows through a balanced mix of natural gas and oil exploitation and development and sponsorship of investment partnerships and acquisition of natural gas and oil properties. Our primary business objective is to generate growing yet stable cash flows allowing us to make increasing cash distributions to our unitholders through the acquisition and development of mature, long-lived natural gas and oil properties. Through September 30, 2013, we have established production positions in the following areas:

- the Barnett Shale and Marble Falls play in the Fort Worth Basin in northern Texas, a hydrocarbon producing shale in which we established a position following our acquisitions of certain assets from Carrizo Oil & Gas, Inc., or Carrizo, Titan Operating, LLC, or Titan, and DTE Energy Company, or DTE, during 2012;

- coal-bed methane producing natural gas assets in the Raton Basin in northern New Mexico, the Black Warrior Basin in central Alabama and the County Line area of Wyoming, where we established a position following our acquisition of certain assets from EP Energy E&P Company, L.P., or EP Energy, during the three months ended September 30, 2013;

- the Appalachia basin, including the Marcellus Shale, a rich, organic shale that generally contains dry, pipeline-quality natural gas, and the Utica Shale, which lies several thousand feet below the Marcellus Shale, is much thicker than the Marcellus Shale and trends primarily towards wet natural gas in the central region and dry natural gas in the eastern region;

- the Mississippi Lime and Hunton plays in northwestern Oklahoma, an area rich in oil and NGLs; and

- other operating areas, including the Chattanooga Shale in northeastern Tennessee, which enables us to access other formations in that region such as the Monteagle and Ft. Payne Limestone; the New Albany Shale in southwestern Indiana, a biogenic shale play with a long-lived and shallow decline profile; the Antrim Shale in Michigan, where we produce out of the biogenic region of the shale similar to the New Albany Shale; and the Niobrara Shale in northeastern Colorado, a predominantly biogenic shale play that produces dry natural gas.

We believe we have created substantial value by executing our strategy of acquiring properties with stable, long-life production, relatively predictable decline curves and lower risk development opportunities. Overall, we have acquired significant net proved reserves and production through the following recent transactions:

- *Carrizo Barnett Shale Assets* On April 30, 2012, we acquired assets in the core of the Barnett Shale from Carrizo for approximately $190 million, which was funded through the private placement of

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$120 million of common units and $70 million of borrowings under our revolving credit facility. The assets include 198 gross producing wells generating approximately 31 Mmcfed of production at the effective date of acquisition on over 12,000 net acres, all of which are held by production. We hedged 100% of available production acquired for the first twelve months after the acquisition date, and between 40% to 80% of anticipated proved developed production for the subsequent four years, thereby mitigating our commodity price exposure and enhancing acquisition economics.

Titan Barnett Shale Assets On July 26, 2012, we acquired Titan, which owned assets in the Barnett Shale on approximately 16,000 net acres, 90% of which are held by production, for approximately 3.8 million of our common units and approximately 3.8 million of our Class B convertible preferred units (which had a collective value of $193.2 million based upon the closing price of our publicly-traded common units as of the acquisition closing date) and approximately $15.4 million in cash for closing adjustments. Titan s assets were located in close proximity to the assets we acquired from Carrizo in the Barnett Shale. Net production from the Titan assets at the effective date of acquisition was approximately 24 Mmcfed, including approximately 370 Bpd of NGLs. We hedged 100% of available production acquired through June 2013, and between 40% and 80% of anticipated proved developed production for the subsequent four years, mitigating commodity exposure and enhancing acquisition economics. We believe there are approximately 335 potential undeveloped drilling locations on the Titan acreage.

Equal Mississippi Lime Assets On April 4, 2012, we entered into an agreement with Equal Energy, Ltd., or Equal, to acquire a 50% interest in Equal s approximately 14,500 net undeveloped acres in the core of the oil and liquids rich Mississippi Lime play in northwestern Oklahoma for approximately $18 million. On September 24, 2012, we acquired Equal s remaining 50% interest in approximately 8,500 net undeveloped acres included in the joint venture, approximately 8 Mmcfed of net production in the region at the effective date of acquisition and substantial salt water disposal infrastructure for approximately $40 million. Both transactions were financed through borrowings under our revolving credit facility. The transaction increased our position in the Mississippi Lime play to 19,800 net acres in Alfalfa, Grant and Garfield counties in Oklahoma.

DTE Fort Worth Basin Assets On December 20, 2012, we acquired 210 Bcfe of proved reserves in the Fort Worth basin from DTE for $257.4 million. The assets include 261 gross producing wells generating approximately 23 Mmcfed of production at the date of acquisition on over 88,000 net acres, approximately 40% of which are held by production and approximately 33% are in continuous development. This acreage position includes approximately 75,000 net acres prospective for the oil and NGL-rich Marble Falls play, in which there are over 700 identified vertical drilling locations. We believe that there are further potential development opportunities through vertical down-spacing and horizontal drilling in the Marble Falls formation, in which we commenced drilling operations in the first quarter of 2013. The assets we acquired from DTE are in close proximity to our other assets in the Barnett Shale.

EP Energy Coal-bed Methane Assets On July 31, 2013, we acquired natural gas proved reserves in the Raton (New Mexico) and Black Warrior (Alabama) Basins from EP Energy, a wholly owned subsidiary of EP Energy LLC, for $733 million. The assets acquired include approximately 466 billion cubic feet, or Bcf, of proved reserves, of which 93% are proved developed, approximately 1,500 miles of gathering pipelines, and a salt-water disposal system which includes 10 salt water disposal wells. The transaction had an effective date of May 1, 2013.

In addition to our acquisition strategy, we have targeted certain high-returning plays, including the Marcellus Shale in northeastern Pennsylvania and the Utica Shale in eastern Ohio, for organic leasing efforts and development. In the Marcellus Shale, we have leased acreage in Lycoming County in northeast Pennsylvania, a highly desirable and productive dry natural gas area, where we have completed three pad sites that will each accommodate multiple horizontal wells, of which eight wells were producing as of October 31, 2013. As of

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October 31, 2013, there were a total of 131 frac stages completed amongst the eight wells, which had an average lateral length of approximately 4,000 feet. The wells were flowed at an average casing pressure of approximately 3,600 psi. As of October 31, 2013, we have observed aggregate peak flow rates for these wells of approximately 150 Mmcfd or an average of approximately 18 Mmcfd per well, with one well having a peak rate as high as 32 Mmcfd.

We also have prospective Utica Shale acreage in Harrison, Tuscarawas, and Stark counties, highly desirable areas which have experienced escalated permitting and drilling activity. We have five horizontal wells producing in Harrison County as of October 31, 2013. We currently have interests in over 2,500 wells in Ohio and operate three field offices, from which we intend to manage future Utica Shale development. We believe these development opportunities, coupled with the undeveloped drilling opportunities on our acreage in the Barnett Shale and the Mississippi Lime, could potentially provide us with approximately $2.0 billion of total potential capital investments in future periods.

We were formed in October 2011 to own and operate substantially all of the operations of the subsidiaries of Atlas Energy, L.P., or Atlas Energy, that held Atlas Energy s natural gas and oil development and production operations and its partnership management business, substantially all of which Atlas Energy transferred to us on March 5, 2012. Atlas Energy is a publicly-traded master limited partnership that owns 100% of our general partner Class A units and incentive distribution rights and an approximate 36.9% limited partnership interest in us as of September 30, 2013.

Business strategy

The key elements of our business strategy are:

Expand our natural gas and oil production. We generate a significant portion of our revenue and net cash flow from natural gas and oil production. We believe our strategy of increasing our natural gas and oil production through our sponsorship of investment partnerships as well as drilling wells directly to exploit our acreage opportunities provides us with enhanced economic returns. For the five year period ended December 31, 2012, we raised over $1.2 billion from outside investors through our investment partnerships. We intend to continue to add value through reserve and production growth by developing our inventory of proved undeveloped locations through both sponsorship of investment partnerships and direct well drilling.

Expand our fee-based revenue through our sponsorship of investment partnerships. We generate substantial revenue and cash flow from fees paid by our investment partnerships to us for acting as the managing general partner. As we continue to sponsor investment partnerships, we expect that our fee revenues from our drilling and operating agreements with our investment partnerships will increase. We expect that the fee revenue we generate with respect to fees paid by the investment partnerships to us for partnership management will add stability to our revenue and cash flows. Furthermore, the carried interests and fees we earn reduce the net investment in our drilling programs and therefore enhance our rates of return on investment.

Expand operations through strategic acquisitions. We continually evaluate opportunities to expand our operations through acquisitions of developed and undeveloped properties or companies that will generate attractive risk adjusted expected rates of return and increase our cash available for distribution. Our acquisitions have been characterized by long-lived production, relatively low decline rates and predictable production profiles, as well as relatively low-risk development opportunities. We will continue to seek strategic opportunities in our current areas of operation, as well as other regions of the United States.

Continue to maintain control of operations and costs. We believe it is important to be the operator of wells in which we or our investment partnerships have an interest because we believe it will allow us to achieve operating efficiencies and control costs. As operator, we are better positioned to control the timing and plans for future enhancement and exploitation efforts, costs of enhancing, drilling, completing and producing our wells,

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and marketing negotiations for our natural gas and oil production to maximize both volumes and wellhead price. We were the operator of the vast majority of the properties in which we or our investment partnerships had a working interest at September 30, 2013.

Continue to manage our exposure to commodity price risk. To limit our exposure to changing commodity prices and enhance and stabilize our cash flow, we use financial hedges for a portion of our natural gas and oil production. We principally use fixed price swaps and collars as the mechanism for the financial hedging of commodity prices.

Competitive strengths

We believe we are well-positioned to successfully to execute our business strategy because of the following competitive strengths:

We have a high quality, long-lived reserve base. Our natural gas properties are located principally in the Appalachian Basin and the Barnett Shale, and are characterized by long-lived reserves, favorable pricing for our production and readily available transportation. Moreover, because our production in the Appalachian Basin is located near markets in the northeast United States, we believe we will generally receive a premium over quoted prices on the New York Mercantile Exchange for the natural gas we produce.

Our partnership management business can improve the economic rates of return associated with our natural gas and oil production activities. A well drilled, net to our equity interest, in our partnership management business will provide us with an enhanced rate of return. For each well drilled in a partnership, we receive an upfront fee on the investors well construction and completion costs and a fixed administration and oversight fee. Further, we receive an incremental equity interest in each well for which we do not make any corresponding capital contribution. Consequently, our economic interest in each well is significantly greater than our proportional contribution to the total cash costs, which enhances our overall rate of return. Additionally, we receive monthly per well fees from the partnership for the life of each individual well, which also increases our rate of return.

Fee-based revenues from our investment partnerships provide a stable foundation for our distributions. Our investment partnerships provide us with stable, fee-based revenues which diminish the influence of commodity price fluctuations on our cash flows. Our fees for managing our investment partnerships accounted for approximately 37% of our segment margin for the year ended December 31, 2012. In addition, because our investment partnerships reimburse us on a cost-plus basis for drilling capital expenses, we are partially protected against increases in drilling costs.

We are one of the leading sponsors of tax-advantaged investment partnerships. We and our predecessor have sponsored limited and general partnerships to raise funds from investors to finance our development drilling activities since 1968, and we believe that we are one of the leading sponsors of such investment partnerships in the country. We believe that our lengthy association with many of the broker-dealers that act as placement agents for our investment partnerships provides us with a competitive advantage over entities with similar operations. We also believe that our sponsorship of investment partnerships has allowed us to generate attractive returns on drilling, operating and production activities.

We have significant experience in making accretive acquisitions. Our management team has extensive experience in consummating accretive acquisitions. We believe we will be able to generate acquisition opportunities of both producing and non-producing properties through our management s extensive industry relationships. We intend to use these relationships and experience to find, evaluate and execute on acquisition opportunities.

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We have significant engineering, geologic and management experience. Our technical team of geologists and engineers has extensive industry experience. We believe that we have been one of the most active drillers in our core operating areas and, as a result, that we have accumulated extensive geological and geographical knowledge about these areas. We have added geologists and engineers to our technical staff that have significant experience in other productive basins within the continental United States, which will allow us to evaluate and possibly expand our core operating areas.

Recent developments

EP Energy Acquisition. On July 31, 2013, we completed the acquisition of assets from EP Energy, a wholly-owned subsidiary of EP Energy, LLC, and EPE Nominee Corp. Pursuant to the purchase and sale agreement, we acquired certain assets from EP Energy for approximately $705.9 million in cash, net of purchase price adjustments, or the EP Energy Acquisition. The purchase price was funded through borrowings under our revolving credit facility, the issuance of our 9.25% Senior Notes due August 15, 2021, or 9.25% Senior Notes, the issuance of 14,950,000 common limited partner units, and the issuance of our newly created Class C convertible preferred units. The assets acquired included coal-bed methane producing natural gas assets in the Raton Basin in northern New Mexico, the Black Warrior Basin in central Alabama, and the County Line area of Wyoming. The EP Energy Acquisition had an effective date of May 1, 2013.

Issuance of Preferred Units. In connection with the closing of the EP Energy Acquisition on July 31, 2013, we issued $86.6 million of our newly created Class C convertible preferred units to Atlas Energy, at a negotiated price per unit of $23.10, which was the face value of the units. The Class C preferred units were offered and sold in a private transaction exempt from registration under Section 4(2) of the Securities Act. The Class C preferred units pay cash distributions in an amount equal to the greater of (i) $0.51 per unit and (ii) the distributions payable on each common unit at each declared quarterly distribution date. The initial Class C preferred distribution was paid for the quarter ending September 30, 2013. The Class C preferred units have no voting rights, except as set forth in the certificate of designation for the Class C preferred units, which provides, among other things, that the affirmative vote of 75% of the Class C Preferred Units is required to repeal such certificate of designation. Holders of the Class C preferred units have the right to convert the Class C preferred units on a one-for-one basis, in whole or in part, into common units at any time before July 31, 2016. Unless previously converted, all Class C preferred units will convert into common units on July 31, 2016. Upon issuance of the Class C preferred units, Atlas Energy, as purchaser of the Class C preferred units, also received 562,497 warrants to purchase our common units at an exercise price equal to the face value of the Class C preferred units. The warrants are exercisable beginning October 29, 2013 into an equal number of our common units at an exercise price of $23.10 per unit subject to adjustments as provided therein. The warrants will expire on July 31, 2016.

Upon issuance of the Class C preferred units and warrants on July 31, 2013, we entered into a registration rights agreement pursuant to which we agreed to file a registration statement with the SEC to register the resale of the common units issuable upon conversion of the Class C preferred units and upon exercise of the warrants. We agreed to use commercially reasonable efforts to file such registration statement within 90 days of the conversion of the Class C preferred units into common units or the exercise of the warrants.

Credit Facility Amendment. On July 31, 2013, in connection with the acquisition of assets from EP Energy, we entered into a second amended and restated credit agreement (see Description of Other Indebtedness Revolving Credit Facility).

Senior Notes. On July 30, 2013, we issued $250.0 million of 9.25% Senior Notes in a private placement transaction at an offering price of 99.297% of par value, yielding net proceeds of approximately $242.8 million, net of underwriting fees and other offering costs of $5.5 million. The net proceeds were used to partially fund the EP Acquisition. The 9.25% Senior Notes were presented combined with a net $1.7 million unamortized discount

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as of September 30, 2013. Interest on the 9.25% Senior Notes accrued from July 30, 2013, and is payable semi-annually on February 15 and August 15, with the first interest payment date being February 15, 2014. At any time prior to August 15, 2017, we may redeem some or all of the 9.25% Senior Notes at a redemption price of 104.625%. On or after August 15, 2018, we may redeem some or all of the 9.25% Senior Notes at the redemption prices of 102.313% and on or after August 15, 2019, We may redeem some or all of the 9.25% Senior Notes at the redemption price of 100.0%. In addition, at any time prior to August 15, 2016, we may redeem up to 35% of the 9.25% Senior Notes with the proceeds received from certain equity offerings at 109.250%. Under certain conditions, including if we sell certain assets and do not reinvest the proceeds or repay senior indebtedness or if it experiences specific kinds of changes of control, we must offer to repurchase the 9.25% Senior Notes.

In connection with the issuance of the 9.25% Senior Notes, we entered into a registration rights agreement, whereby we agreed to (a) file an exchange offer registration statement with the SEC to exchange the privately issued notes for registered notes, and (b) cause the exchange offer to be consummated not later than 365 days after the issuance of the 9.25% Senior Notes. Under certain circumstances, in lieu of, or in addition to, a registered exchange offer, we have agreed to file a shelf registration statement with respect to the 9.25% Senior Notes. If we fail to comply with our obligations to register the 9.25% Senior Notes within the specified time periods, the 9.25% Senior Notes will be subject to additional interest, up to 1% per annum, until such time that the exchange offer is consummated or the shelf registration statement is declared effective, as applicable.

Common Unit Offering. In June 2013, in connection with the EP Energy Acquisition, we sold an aggregate of 14,950,000 of our common limited partner units (including a 1,950,000 over-allotment) in a public offering at a price of $21.75 per unit, yielding net proceeds of approximately $313.1 million. We utilized the net proceeds from the sale to repay the outstanding balance under our revolving credit facility.

Equity Distribution Program. In May 2013, we entered into an equity distribution program with Deutsche Bank Securities Inc., as representative of several banks. Pursuant to the equity distribution program, we may sell, from time to time through the agents, common units having an aggregate offering price of up to $25.0 million. Sales of common limited partner units, if any, may be made in negotiated transactions or transactions that are deemed to be at-the-market offerings as defined in Rule 415 of the Securities Act of 1933, as amended, including sales made directly on the New York Stock Exchange, the existing trading market for the common limited partner units, or sales made to or through a market maker other than on an exchange or through an electronic communications network. We will pay each of the agents a commission, which in each case shall not be more than 2.0% of the gross sales price of common limited partner units sold through such agent. During the nine months ended September 30, 2013, we issued 309,174 common limited partner units under the equity distribution program for net proceeds of $7.0 million, net of $0.4 million in commissions paid. We utilized the net proceeds from the sale to repay borrowings outstanding under our revolving credit facility.

Our organizational structure

We were formed in October 2011 to own and operate substantially all of the Atlas Energy E&P Operations, which were transferred to us on March 5, 2012 by Atlas Energy (NYSE: ATLS), a publicly-traded master limited partnership which owns 100% of our general partner Class A units and incentive distribution rights and an approximate 36.9% limited partner interest (20,962,485 limited partner units and 3,749,986 preferred limited partner units) in us as of September 30, 2013. We conduct our operations through, and our operating assets are owned by, our subsidiaries. Our general partner has sole responsibility for conducting our business and managing our operations. Our general partner does not receive any management fee or other compensation in connection with its management of our business apart from its general partner interest and incentive distribution rights, but it is reimbursed for direct and indirect expenses incurred on our behalf. Our executive offices are located at Park Place Corporate Center One, 1000 Commerce Drive, Suite 400, Pittsburgh, Pennsylvania 15275, telephone number (877) 280-2857. Our website address is www.atlasresourcepartners.com. The information on our website

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is not part of this offering memorandum and you should rely only on the information contained or incorporated by reference in this offering memorandum when making a decision as to whether or not to invest in the notes.

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Summary of the Exchange Offer

On January 23, 2013, we completed a private offering of the new issue notes. As part of this private offering, we entered into a registration rights agreement with the initial purchasers of the new issue notes in which we agreed, among other things, to deliver this prospectus to you and to use our reasonable best efforts to complete the exchange offer within 365 days of the issue date. The following is a summary of the exchange offer.

New issue notes	$275.0 million aggregate principal amount of 7.75% Senior Notes due 2021.
Exchange notes	7.75% Senior Notes due 2021. The terms of the exchange notes are substantially identical to those terms of the new issue notes, except that the transfer restrictions, registration rights and provisions for additional interest relating to the new issue notes do not apply to the exchange notes.
Exchange offer	We are offering to exchange up to $275.0 million principal amount of our 7.75% Senior Notes due 2021 that have been registered under the Securities Act of 1933 for an equal amount of our outstanding 7.75% Senior Notes due 2021 to satisfy our obligations under the registration rights agreement.
Expiration date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2013, unless we decide to extend it.
Conditions to the exchange offer	The registration rights agreement does not require us to accept new issue notes for exchange if the exchange offer or the making of any exchange by a holder of the new issue notes would violate any applicable law or interpretation of the staff of the SEC or if any legal action has been instituted or threatened that would impair our ability to proceed with the exchange offer. A minimum aggregate principal amount of new issue notes being tendered is not a condition to the exchange offer. Please read Exchange Offer Conditions to the Exchange Offer for more information about the conditions to the exchange offer.
Procedures for tendering new issue notes	To participate in the exchange offer, you must follow the automatic tender offer program, or ATOP, procedures established by The Depository Trust Company, or DTC, for tendering notes held in book-entry form. The ATOP procedures require that the exchange agent receive, before the expiration date of the exchange offer, a computer-generated message known as an agent s message that is transmitted through ATOP and that DTC confirms that: DTC has received instructions to exchange your notes; and you agree to be bound by the terms of the letter of transmittal. For more details, please read Exchange Offer Terms of the Exchange Offer and Exchange Offer Procedures for Tendering.

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Guaranteed delivery procedures	None.
Withdrawal of tenders	You may withdraw your tender of new issue notes at any time before the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please read Exchange Offer Withdrawal of Tenders.
Acceptance of new issue notes and delivery of exchange notes	If you fulfill all conditions required for proper acceptance of new issue notes, we will accept any and all new issue notes that you properly tender in the exchange offer before 5:00 p.m., New York City time, on the expiration date. We will return any new issue note that we do not accept for exchange to you without expense promptly after the expiration date. We will deliver the exchange notes promptly after the expiration date and acceptance of the new issue notes for exchange. Please read Exchange Offer Terms of the Exchange Offer.
Fees and expenses	We will bear all expenses related to the exchange offer. Please read Exchange Offer Fees and Expenses.
Use of proceeds	The issuance of the exchange notes will not provide us with any new proceeds. We are making the exchange offer solely to satisfy our obligations under the registration rights agreement.
Consequences of failure to exchange new issue notes	If you do not exchange your new issue notes in the exchange offer, your new issue notes will continue to be subject to the restrictions on transfer currently applicable to the new issue notes. In general, you may offer or sell your new issue notes only:
	if they are registered under the Securities Act and applicable state securities laws;
	if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or
	if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws.
	We do not currently intend to register the new issue notes under the Securities Act. Under some circumstances, however, holders of the new issue notes, including holders who are not permitted to participate in the exchange offer or who may not freely resell exchange notes received in the exchange offer, may require us to file, and to cause to become effective, a shelf registration statement covering resales of new issue notes by these holders. For more information regarding the consequences of not tendering your new issue notes and our obligation to file a shelf registration statement, please read Exchange Offer Consequences of Failure to Exchange and Description of the Exchange Notes Registration Rights; Additional Interest.

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U.S. federal income tax consequences	The exchange of exchange notes for new issue notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. Please read Certain Federal Income Tax Consequences.
Exchange agent	We have appointed U.S. Bank National Association as the exchange agent for the exchange offer. You should direct questions and requests for assistance and requests for additional copies of this prospectus (including the letter of transmittal) to the exchange agent addressed as follows: Attn: William Diaz, U.S. Bank Corporate Trust Services, Specialized Finance Dept., 60 Livingston Avenue, St. Paul, Minnesota 55107; telephone number (651) 466-6781. Eligible institutions may make requests by facsimile at (651) 466-7372.

Summary of Terms of the Exchange Notes

The exchange notes will be identical to the new issue notes, except that the exchange notes are registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest. The exchange notes will evidence the same debt as the new issue notes, and the same indenture will govern the exchange notes and the new issue notes.

The following summary contains basic information about the exchange notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the exchange notes, please read Description of the Exchange Notes.

Issuers	Atlas Energy Holdings Operating Company, LLC and Atlas Resource Finance Corporation
Notes offered	$275.0 million aggregate principal amount of 7.75% Senior Notes due 2021.
Maturity date	January 15, 2021.
Interest payment dates	January 15 and July 15 of each year.
Guarantees	The notes are unconditionally guaranteed on an unsecured senior basis by us and all of our current domestic restricted subsidiaries (other than Atlas Energy Securities, LLC and its subsidiary), and any future restricted subsidiary that guarantees our other indebtedness or that of any other subsidiary or incurs any indebtedness under any credit facility. Our non-guarantor subsidiaries accounted for none of our revenues or EBITDA for the three months ended September 30, 2013. In addition, as of September 30, they held less than 1% of our consolidated assets.
Ranking	The notes are senior unsecured obligations of the Issuers and will rank senior in right of payment to all of the Issuers existing and future debt that is expressly subordinated in right of payment to the notes. The notes will rank equal in right of payment with all of the Issuers existing and future senior debt and will be effectively subordinated to all of the Issuers secured debt to the extent of the

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	value of the collateral securing such debt and structurally subordinated to all of the liabilities of any of the Issuers subsidiaries that do not guarantee the notes.
	The guarantees are general unsecured obligations of the guarantors and will rank senior in right of payment to all their existing and future debt that is expressly subordinated in right of payment to the guarantees. The guarantees will rank equal in right of payment with all existing and future liabilities of such guarantors that are not so subordinated and will be effectively subordinated to all of such guarantors secured debt to the extent of the collateral securing such debt and structurally subordinated to all of the liabilities of any of our subsidiaries that do not guarantee the notes.
	As of September 30, 2013, we had $948.3 million of debt outstanding, including $425.0 million outstanding under our senior secured revolving credit facility and $275.0 million outstanding of our 7.75% Senior Notes, and had borrowing capacity under our revolving credit facility of $410.0 million, excluding $2.1 million in outstanding letters of credit.
Optional redemption	At any time prior to January 15, 2016, the Issuers may redeem up to 35% of the notes with the net cash proceeds of certain equity offerings at the redemption price set forth under Description of Exchange Notes Optional Redemption.
	At any time prior to January 15, 2017, the Issuers may redeem the notes, in whole or in part, at a make whole redemption price, plus accrued and unpaid interest and additional interest, if any, to the date of redemption as set forth under Description of the Exchange Notes Optional Redemption. On and after January 15, 2017, the Issuers may redeem the notes, in whole or in part, at the redemption prices set forth under Description of the Exchange Notes Optional Redemption.
Basic covenants of the indenture	The indenture governing the notes restricts our ability and the ability of our restricted subsidiaries to, among other things: incur additional indebtedness and issue preferred stock; make certain distributions, investments and other restricted payments; sell certain assets agree to any restrictions on the ability of restricted subsidiaries to make payments to us; create certain liens; merge, consolidate or sell substantially all of our assets; and

enter into transactions with affiliates.

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	These covenants are subject to important exceptions and qualifications described under the heading Description of the Exchange Notes Covenants.
Covenant suspension	Certain of these covenants will be suspended when the notes have investment grade ratings from both Standard & Poor s Rating Services (Standard & Poor s) and Moody s Investor Service, Inc. (Moody s). For more details, see Description of the Exchange Notes Covenant Suspension.
Transfer restrictions; absence of a public market for the exchange notes	The exchange notes generally will be freely transferable, but will also be new securities for which there will not initially be a market. We do not intend to make a trading market in the exchange notes after the exchange offer. Therefore, we cannot assure you as to the development of an active market for the exchange notes or as to the liquidity of any such market.
Form of exchange notes	The exchange notes will be represented initially by one or more global notes. The global exchange notes will be deposited with the trustee, as custodian for DTC.
Same-day settlement	The global exchange notes will be shown on, and transfers of the global exchange notes will be effected only through, records maintained in book-entry form by DTC and its direct and indirect participants.
	The exchange notes are expected to trade in DTC s Same Day Funds Settlement System until maturity or redemption. Therefore, secondary market trading activity in the exchange notes will be settled in immediately available funds.
Trading	We do not expect to list the exchange notes for trading on any securities exchange.
Registrar and paying agent	U.S. Bank National Association
Governing law	The exchange notes and the indenture relating to the exchange notes will be governed by, and construed in accordance with, the laws of the State of New York.

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RISK FACTORS

In addition to the other information set forth elsewhere or incorporated by reference in this prospectus, you should consider carefully the risks described below before deciding whether to participate in the exchange offer.

Risks Related to the Exchange Offer

If you fail to exchange new issue notes, existing transfer restrictions will remain in effect and the notes may be more difficult to sell.

If you fail to exchange new issue notes for exchange notes under the exchange offer, then you will continue to be subject to the existing transfer restrictions on the new issue notes. In general, the new issue notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except in connection with this exchange offer or as required by the registration rights agreement, we do not intend to register resales of the new issue notes.

The tender of new issue notes under the exchange offer will reduce the principal amount of the currently outstanding new issue notes. Due to the corresponding reduction in liquidity, this may decrease, and increase the volatility of, the market price of any currently outstanding new issue notes that you continue to hold following completion of the exchange offer.

You must comply with the exchange offer procedures in order to receive new, freely tradable exchange notes.

Delivery of exchange notes in exchange for new issue notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of book-entry transfer of new issue notes into the exchange agent s account at DTC, as depositary, including an agent s message. We are not required to notify you of defects or irregularities in tenders of new issue notes for exchange. New issue notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreement will terminate. See Exchange Offer Procedures for Tendering and Exchange Offer Consequences of Failure to Exchange.

Some holders who exchange their new issue notes may be deemed to be underwriters, and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

If you exchange your new issue notes in the exchange offer for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Risks Related to the Notes

We distribute all of our available cash to our unitholders and are not required to accumulate cash for the purpose of meeting our future obligations to our noteholders, which may limit the cash available to service the notes.

Subject to the limitations on restricted payments contained in the indenture governing the notes and our credit facility, we distribute all of our available cash each quarter to our limited partners and our general partner. Available cash is defined in our partnership agreement, and it generally means, for each fiscal quarter:

- all cash on hand at the end of the quarter;

- less the amount of cash that our general partner determines in its reasonable discretion is necessary or appropriate to:

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- provide for the proper conduct of our business;
- comply with applicable law, any of our debt instruments, or other agreements; or
- provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters;
- plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under a credit facility and in all cases are used solely for working capital purposes or to pay distributions to partners. We are unable to borrow under our revolving credit facility to pay distributions of available cash to unitholders because such borrowings would not constitute working capital borrowings pursuant to our partnership agreement.

As a result, we do not expect to accumulate significant amounts of cash. Depending on the timing and amount of our cash distributions, these distributions could significantly reduce the cash available to us in subsequent periods to make payments on the notes.

We may not be able to generate sufficient cash to service our debt obligations, including our obligations under the notes.

Our ability to make payments on and to refinance our indebtedness, including the notes, will depend on our financial and operating performance, which may fluctuate significantly from quarter to quarter, based on, among other things:

- the amount of natural gas and oil we produce;
- the price at which we sell our natural gas and oil;
- the level of our operating costs;
- our ability to acquire, locate, and produce new reserves;
- results of our hedging activities;
- the level of our interest expense, which depends on the level of our indebtedness and the interest payable on it; and
- the level of our capital expenditures.

We cannot assure you that we will continue to generate sufficient cash flow or that we will be able to borrow funds in amounts sufficient to enable us to service our indebtedness, or to meet our working capital and capital expenditure requirements. If we are not able to generate sufficient cash flow from operations or to borrow sufficient funds to service our indebtedness, we may be required to sell assets or issue equity, reduce capital expenditures, refinance all or a portion of our existing indebtedness or obtain additional financing. We cannot assure you that we will be able to refinance our indebtedness, sell assets or equity, or borrow more funds on terms acceptable to us, if at all.

We have a holding company structure in which our subsidiaries conduct our operations and own our operating assets.

We are a holding company, and our operating partnership and its operating subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than our interest in our operating partnership As a result, our ability to make required payments on the notes depends on the performance of the operating partnership and its subsidiaries and their ability to distribute funds to us. If we are unable to obtain the funds necessary to pay the principal amount at maturity of the notes, or to repurchase the exchange notes upon the occurrence of a change of control, we may be required to adopt one or more alternatives, such as a

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refinancing of the notes or a sale of assets. They may not be able to refinance the exchange notes or sell assets on acceptable terms, or at all.

We have a substantial amount of indebtedness which could adversely affect our financial position and prevent us from fulfilling our obligations under the notes.

We currently have, and following this offering will continue to have, a substantial amount of indebtedness. As of September 30, 2013, we had $948.3 million of debt outstanding, including $425.0 million outstanding under our senior secured revolving credit facility and $275.0 million outstanding of our 7.75% Senior Notes, and had borrowing capacity under our revolving credit facility of $410.0 million, excluding $2.1 million in outstanding letters of credit.

Our substantial indebtedness may:

- make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on the notes and our other indebtedness;
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general business purposes;
- limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general business purposes;
- require us to use a substantial portion of our cash flow from operations to make debt service payments;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- place us at a competitive disadvantage compared to less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

Despite our and our subsidiaries current level of indebtedness, we may still be able to incur substantially more indebtedness. This could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indenture governing the notes will not prohibit us or our subsidiaries from doing so if we meet applicable coverage tests. If we incur any additional indebtedness that ranks equally with the notes and the guarantees, the holders of that indebtedness will be entitled to share ratably with the holders of the notes and the guarantees in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to you. If we add new indebtedness to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

The notes and the guarantees are unsecured and effectively subordinated to our and the guarantors existing and future secured indebtedness.

The notes and the guarantees are general unsecured obligations ranking effectively junior in right of payment to all of our existing and future secured indebtedness and that of each guarantor, respectively. As of September 30, 2013, we had $948.3 million of debt outstanding, including $425.0 million outstanding under our senior secured revolving credit facility and $275.0 million outstanding of our 7.75% Senior Notes, and had borrowing capacity under our revolving credit facility of $410.0 million, excluding $2.1 million in outstanding letters of credit.

If we or a guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any indebtedness that ranks ahead of the notes and the guarantees will be entitled to be paid in full from our assets or the assets of the guarantor, as applicable, before any payment may be made with respect to the notes or the

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affected guarantees. Holders of the notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In the event of the liquidation, dissolution, reorganization, bankruptcy or similar proceeding of the business of a subsidiary that is not a guarantor, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the notes. In any of the foregoing events, we cannot assure you that there will be sufficient remaining assets to pay amounts due on the notes. As a result, holders of the notes may receive less, ratably, than holders of secured indebtedness.

Federal and state fraudulent transfer laws may permit a court to void the notes and the guarantees, and if that occurs, you may not receive any payments on the notes.

The issuance of the notes and the guarantees may be subject to review under federal and state fraudulent transfer and conveyance statutes. While the relevant laws may vary from state to state, under such laws the payment of consideration will be a fraudulent conveyance if (1) we paid the consideration with the intent of hindering, delaying or defrauding creditors or (2) we or any of the guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing either the notes or a guarantee, and, in the case of (2) only, one of the following is also true:

- we or any of the guarantors were insolvent or rendered insolvent by reason of the incurrence of the indebtedness;
- payment of the consideration left us or any of the guarantors with an unreasonably small amount of capital to carry on the business;
- we or any of the guarantors intended to, or believed that it would, incur debts beyond our ability to pay as they mature; or
- we were a defendant in an action for money damages docketed against it if, in either case, after final judgment the judgment is unsatisfied.

If a court were to find that the issuance of the notes or a guarantee was a fraudulent conveyance, the court could void the payment obligations under the notes or such guarantee or further subordinate the notes or such guarantee to presently existing and future indebtedness of us or such guarantor, or require the holders of the notes to repay any amounts received with respect to the notes or such guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the notes.

Further, the voiding of the notes could result in an event of default with respect to our and our subsidiaries other debt that could result in acceleration of such debt. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair salable value of all its assets;
- the present fair salable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the notes and the guarantees would not be further subordinated to our or any of our guarantors other debt.

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We believe that at the time the notes are initially issued each issuer and each guarantor will be:

- neither insolvent nor rendered insolvent thereby;
- in possession of sufficient capital to run its businesses effectively;
- incurring indebtedness within its ability to pay as the same mature or become due; and
- will have sufficient assets to satisfy any probable money judgment against it in any pending action.

In reaching these conclusions, we have relied upon our analysis of internal cash flow projections, which, among other things, assume that we will in the future realize certain selling price and volume increases and favorable changes in business mix, and estimated values of assets and liabilities. We cannot assure you, however, that a court passing on such questions would reach the same conclusions. Further, to the extent that the notes are guaranteed in the future by any subsidiary, a court passing on such guarantor regarding any such guarantee could conclude that such guarantee constituted a fraudulent conveyance or transfer.

The indenture governing the notes contains a provision intended to limit each guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being voided under fraudulent transfer law, or may eliminate the guarantor s obligations or reduce the guarantor s obligations to an amount that effectively makes the guarantee worthless. In a recent Florida bankruptcy case, this kind of provision was found to be ineffective to protect the guarantees.

If the guarantees were legally challenged, any guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the applicable guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration. A court could thus void the obligations under the guarantees, subordinate them to the applicable guarantor s other debt or take other action detrimental to the holders of the notes.

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, each holder of a note will have the right to require us to make an offer to repurchase such holder s note at a price equal to 101% of the principal amount thereof, together with accrued and unpaid interest and additional interest, if any, to the date of repurchase.

We may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control offer. The occurrence of a change of control could also constitute an event of default under our credit facility. Our bank lenders may have the right to prohibit any such purchase or redemption, in which event we will seek to obtain waivers from the required lenders under our credit facility, but may not be able to do so. See Description of the Exchange Notes Change of Control.

Our general partner will not have any liability for the notes.

The indenture governing the notes provides that our general partner will have no liability for our obligations under the notes. Accordingly, if we and the subsidiary guarantors are unable to make payments on the notes, you will not be able to recover against our general partner.

Claims of noteholders will be structurally subordinate to claims of creditors of our subsidiaries that do not guarantee the notes.

The notes are not be guaranteed by Atlas Energy Securities, LLC and its subsidiary or by certain future subsidiaries that we designate as unrestricted in accordance with the terms of the indenture. Accordingly, claims of holders of the notes will be structurally subordinated to the claims of creditors of these non-guarantor

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subsidiaries, including trade creditors. All obligations of our non-guarantor subsidiaries will have to be satisfied before any of the assets of these subsidiaries would be available for distribution, upon a liquidation or otherwise, to us or a guarantor of the notes. Although all of our subsidiaries, other than Atlas Energy Securities, LLC and Anthem Securities, guarantee the notes, the guarantees are subject to release under certain circumstances and we may have subsidiaries that are not guarantors. In the event of the liquidation, dissolution, reorganization, bankruptcy or similar proceeding of the business of a subsidiary that is not a guarantor, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the notes. In any of these events, we may not have sufficient assets to pay amounts due on the notes with respect to the assets of that subsidiary.

Risks Relating to Our Business

If commodity prices decline significantly, our cash flow from operations will decline.

Our revenue, profitability and cash flow substantially depend upon the prices and demand for natural gas and oil. The natural gas and oil markets are very volatile, and a drop in prices can significantly affect our financial results and impede our growth. Changes in natural gas and oil prices will have a significant impact on the value of our reserves and on our cash flow. Prices for natural gas and oil may fluctuate widely in response to relatively minor changes in the supply of and demand for natural gas or oil, market uncertainty and a variety of additional factors that are beyond our control, such as:

- the level of domestic and foreign supply and demand;
- the price and level of foreign imports;
- the level of consumer product demand;
- weather conditions and fluctuating and seasonal demand;
- overall domestic and global economic conditions;
- political and economic conditions in natural gas and oil producing countries, including those in the Middle East and South America;
- the ability of members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;
- the impact of the U.S. dollar exchange rates on natural gas and oil prices;
- technological advances affecting energy consumption;
- domestic and foreign governmental relations, regulations and taxation;
- the impact of energy conservation efforts;

- the cost, proximity and capacity of natural gas pipelines and other transportation facilities; and
- the price and availability of alternative fuels.

In the past, the prices of natural gas and oil have been extremely volatile, and we expect this volatility to continue. For example, during the year ended December 31, 2012, the NYMEX Henry Hub natural gas index price ranged from a high of $3.90 per MMBtu to a low of $1.91 per MMBtu, and West Texas Intermediate oil prices ranged from a high of $109.77 per Bbl to a low of $77.69 per Bbl. Between January 1, 2013 and November 20, 2013, the NYMEX Henry Hub natural gas index price ranged from a high of $4.41 per MMBtu to a low of $3.11 per MMBtu, and West Texas Intermediate oil prices ranged from a high of $110.53 per Bbl to a low of $86.68 per Bbl.

Competition in the natural gas and oil industry is intense, which may hinder our ability to acquire natural gas and oil properties and companies and to obtain capital, contract for drilling equipment and secure trained personnel.

We operate in a highly competitive environment for acquiring properties and other natural gas and oil companies, attracting capital through our investment partnerships, contracting for drilling equipment and securing trained personnel. Our competitors may be able to pay more for natural gas and oil properties and drilling equipment and to evaluate, bid for and purchase a greater number of properties than our financial or personnel resources permit. Moreover, our competitors for investment capital may have better track records in their programs, lower costs or stronger relationships with participants in the oil and gas investment community than we do. All of these challenges could make it more difficult for us to execute our growth strategy. We may not be able to compete successfully in the future in acquiring leasehold acreage or prospective reserves or in raising additional capital.

Furthermore, competition arises not only from numerous domestic and foreign sources of natural gas and oil but also from other industries that supply alternative sources of energy. Competition is intense for the acquisition of leases considered favorable for the development of natural gas and oil in commercial quantities. Product availability and price are the principal means of competition in selling natural gas and oil. Many of our competitors possess greater financial and other resources than we do, which may enable them to identify and acquire desirable properties and market their natural gas and oil production more effectively than we can.

Shortages of drilling rigs, equipment and crews, or the costs required to obtain the foregoing in a highly competitive environment, could impair our operations and results.

Increased demand for drilling rigs, equipment and crews, due to increased activity by participants in our primary operating areas or otherwise, can lead to shortages of, and increasing costs for, drilling equipment, services and personnel. Shortages of, or increasing costs for, experienced drilling crews and oil field equipment and services could restrict our ability to drill the wells and conduct the operations that we currently have planned. Any delay in the drilling of new wells or significant increase in drilling costs could reduce our revenues.

Many of our leases are in areas that have been partially depleted or drained by offset wells.

Our key project areas are located in active drilling areas in the Appalachian Basin, and many of our leases are in areas that have already been partially depleted or drained by earlier offset drilling. This may inhibit our ability to find economically recoverable quantities of natural gas in these areas.

Our operations require substantial capital expenditures to increase our asset base. If we are unable to obtain needed capital or financing on satisfactory terms, our asset base will decline, which could cause our revenues to decline and affect our ability to pay debt service.

The natural gas and oil industry is capital intensive. If we are unable to obtain sufficient capital funds on satisfactory terms with capital raised through equity and debt offerings, cash flow from operations, bank borrowings and the investment partnerships, we may be unable to increase or maintain our inventory of properties and reserve base, or be forced to curtail drilling or other activities. This could cause our revenues to decline and diminish our ability to service any debt that we may have at such time. If we do not make sufficient or effective expansion capital expenditures, including with funds from third-party sources, we will be unable to expand our business operations, and may not generate sufficient revenue or have sufficient available cash to pay debt service.

Our cash distribution policy limits our ability to grow.

Because we distribute our available cash rather than reinvesting it in our business, our growth may not be as significant as businesses that reinvest their available cash to expand ongoing operations. If we issue additional common units or incur debt to fund acquisitions and expansion and investment capital expenditures, the payment

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of distributions on those additional units or interest on that debt could increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to the common units.

Significant physical effects of climatic change have the potential to damage our facilities, disrupt our production activities and cause us to incur significant costs in preparing for or responding to those effects.

Climate change could have an effect on the severity of weather (including hurricanes and floods), sea levels, the arability of farmland, and water availability and quality. If such effects were to occur, our exploration and production operations have the potential to be adversely affected. Potential adverse effects could include damages to our facilities from powerful winds or rising waters in low lying areas, disruption of our production activities either because of climate-related damages to our facilities or our costs of operation potentially rising from such climatic effects, less efficient or non-routine operating practices necessitated by climate effects or increased costs for insurance coverage in the aftermath of such effects. Significant physical effects of climate change could also have an indirect effect on our financing and operations by disrupting the transportation or process-related services provided by midstream companies, service companies or suppliers with whom we have a business relationship. We may not be able to recover through insurance some or any of the damages, losses or costs that may result from potential physical effects of climate change.

We depend on certain key customers for sales of our natural gas, crude oil and natural gas liquids. To the extent these customers reduce the volumes of natural gas, crude oil and natural gas liquids they purchase from us, or cease to purchase natural gas, crude oil and natural gas liquids from us, our revenues and cash available for distribution could decline.

We market the majority of our natural gas production to gas utility companies, gas marketers, local distribution companies and industrial or other end-users. Crude oil produced from our wells flow directly into leasehold storage tanks where it is picked up by an oil company or a common carrier acting for an oil company. Natural gas liquids are extracted from the natural gas stream by processing and fractionation plants enabling the remaining dry gas (low Btu content) to meet pipeline specifications for transport to end users or marketers operating on the receiving pipeline. For the year ended December 31, 2012, Chevron and Atmos Energy Marketing, LLC accounted for approximately 43% and 11% of our total natural gas, crude oil and natural gas liquids production revenue, respectively, with no other single customer accounting for more than 10% for this period. To the extent these and other key customers reduce the amount of natural gas, crude oil and natural gas liquids they purchase from us, our revenues and cash available for distributions to unit holders could temporarily decline in the event we are unable to sell to additional purchasers.

An increase in the differential between the NYMEX or other benchmark prices of oil and natural gas and the wellhead price that we receive for our production could significantly reduce our cash available for debt service and adversely affect our financial condition.

The prices that we receive for our oil and natural gas production sometimes reflect a discount to the relevant benchmark prices, such as NYMEX. The difference between the benchmark price and the price that we receive is called a differential. Increases in the differential between the benchmark prices for oil and natural gas and the wellhead price that we receive could significantly reduce our cash available for debt service and adversely affect our financial condition. We use the relevant benchmark price to calculate our hedge positions, and we do not have or plan to have any commodity derivative contracts covering the amount of the basis differentials we experience in respect of our production. As such, we will be exposed to any increase in such differentials, which could adversely affect our results of operations.

Some of our undeveloped leasehold acreage is subject to leases that may expire in the near future.

As of December 31, 2012, leases covering approximately 49,786 of our 321,642 net undeveloped acres, or 15.5%, are scheduled to expire on or before December 31, 2013. An additional 10% are scheduled to expire in

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each of the years 2014 and 2015. If we are unable to renew these leases or any leases scheduled for expiration beyond their expiration date, on favorable terms, we will lose the right to develop the acreage that is covered by an expired lease, which would reduce our cash flows from operations.

Drilling for and producing natural gas are high-risk activities with many uncertainties.

Our drilling activities are subject to many risks, including the risk that we will not discover commercially productive reservoirs. Drilling for natural gas can be uneconomic, not only from dry holes, but also from productive wells that do not produce sufficient revenues to be commercially viable. In addition, our drilling and producing operations may be curtailed, delayed or canceled as a result of other factors, including:

- the high cost, shortages or delivery delays of equipment and services;
- unexpected operational events and drilling conditions;
- adverse weather conditions;
- facility or equipment malfunctions;
- title problems;
- pipeline ruptures or spills;
- compliance with environmental and other governmental requirements;
- unusual or unexpected geological formations;
- formations with abnormal pressures;
- injury or loss of life;
- environmental accidents such as gas leaks, ruptures or discharges of toxic gases, brine or well fluids into the environment or oil leaks, including groundwater contamination;
- fires, blowouts, craterings and explosions; and
- uncontrollable flows of natural gas or well fluids.

Any one or more of the factors discussed above could reduce or delay our receipt of drilling and production revenues, thereby reducing our earnings, and could reduce revenues in one or more of our investment partnerships, which may make it more difficult to finance our drilling operations through sponsorship of future partnerships. In addition, any of these events can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination, loss of wells and regulatory penalties.

Although we maintain insurance against various losses and liabilities arising from our operations, insurance against all operational risks are not available to us. Additionally, we may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the perceived risks presented. Losses could, therefore, occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could reduce our results of operations.

Unless we replace our oil and natural gas reserves, our reserves and production will decline, which would reduce our cash flow from operations and income.

Producing natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Our natural gas reserves and production and, therefore, our cash flow and income are highly dependent on our success in efficiently developing and exploiting our reserves and economically finding or acquiring additional recoverable reserves. Our ability to find and

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acquire additional recoverable reserves to replace current and future production at acceptable costs depends on our generating sufficient cash flow from operations and other sources of capital, principally from the sponsorship of new investment partnerships, all of which are subject to the risks discussed elsewhere in this section.

A decrease in natural gas prices could subject our oil and gas properties to a non-cash impairment loss under U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require oil and gas properties and other long-lived assets to be reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Long-lived assets are reviewed for potential impairments at the lowest levels for which there are identifiable cash flows that are largely independent of other groups of assets. We test our oil and gas properties on a field-by-field basis, by determining if the historical cost of proved properties less the applicable depletion, depreciation and amortization and abandonment is less than the estimated expected undiscounted future cash flows. The expected future cash flows are estimated based on our economic interests and our plans to continue to produce and develop proved reserves. Expected future cash flow from the sale of production of reserves is calculated based on estimated future prices. We estimate prices based on current contracts in place at the impairment testing date, adjusted for basis differentials and market related information, including published future prices. The estimated future level of production is based on assumptions surrounding future levels of prices and costs, field decline rates, market demand and supply, and the economic and regulatory climates. Accordingly, further declines in the price of natural gas may cause the carrying value of our oil and gas properties to exceed the expected future cash flows, and a non-cash impairment loss would be required to be recognized in the financial statements for the difference between the estimated fair market value (as determined by discounted future cash flows) and the carrying value of the assets.

Hedging transactions may limit our potential gains or cause us to lose money.

Pricing for natural gas and oil has been volatile and unpredictable for many years. To limit exposure to changing natural gas and oil prices, we use financial hedges for our production which may include purchases of regulated NYMEX futures and options contracts and non-regulated over-the-counter futures contracts with qualified counterparties. The futures contracts are commitments to purchase or sell natural gas at future dates and generally cover one-month periods for up to six years in the future.

These hedging arrangements may reduce, but will not eliminate, the potential effects of changing commodity prices on our cash flow from operations for the periods covered by these arrangements. Furthermore, while intended to help reduce the effects of volatile commodity prices, such transactions, depending on the hedging instrument used, may limit our potential gains if commodity prices were to rise substantially over the price established by the hedge. If, among other circumstances, production is substantially less than expected, the counterparties to our futures contracts fail to perform under the contracts or a sudden, unexpected event materially changes commodity prices, we may be exposed to the risk of financial loss. In addition, it is not always possible for us to engage in a derivative transaction that completely mitigates our exposure to commodity prices and interest rates. Our financial statements may reflect a gain or loss arising from an exposure to commodity prices and interest rates for which we are unable to enter into a completely effective hedge transaction.

Due to the accounting treatment of derivative contracts, increases in prices for natural gas, crude oil and NGLs could result in non-cash balance sheet reductions and non-cash losses in our statement of operations.

We account for our derivative contracts by applying the mark-to-market accounting treatment required for these derivative contracts. We could recognize incremental derivative liabilities between reporting periods resulting from increases or decreases in reference prices for natural gas, crude oil and NGLs, which could result in us recognizing a non-cash loss in our combined statements of operations and a consequent non-cash decrease in our equity between reporting periods. Any such decrease could be substantial. In addition, we may be required to make cash payments upon the termination of any of these derivative contracts.

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Regulations promulgated by the Commodities Futures Trading Commission could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act is intended to change fundamentally the way swap transactions are entered into, transforming an over-the-counter market in which parties negotiate directly with each other into a regulated market in which most swaps are to be executed on registered exchanges or swap execution facilities and cleared through central counterparties. These statutory requirements must be implemented through regulation, primarily through rules to be adopted by the Commodities Futures Trading Commission. Many market participants will be newly regulated as swap dealers or major swap participants, with new regulatory capital requirements and other regulations that impose business conduct rules and mandate how they hold collateral or margin for swap transactions. All market participants will be subject to new reporting and recordkeeping requirements. The new regulations may require us to comply with margin requirements and with certain clearing and trade-execution requirements in connection with our existing or future derivative activities. As a commercial end-user which uses swaps to hedge or mitigate commercial risk, rather than for speculative purposes, we are permitted to opt out of the clearing and exchange trading requirements. However, we could be exposed to greater liquidity and credit risk with respect to our hedging transactions if we do not use cleared and exchange-traded swaps. Counterparties to our derivative instruments which are federally insured depository institutions are required to spin off some of their derivatives activities to separate entities, which may not be as creditworthy as the current counterparties. The new regulations could significantly increase the cost of derivative contracts; materially alter the terms of derivative contracts; reduce the availability of derivatives to protect against risks we encounter; reduce our ability to monetize or restructure our derivative contracts in existence at that time; and increase our exposure to less creditworthy counterparties. If we reduce or change the way we use derivative instruments as a result of the legislation or regulations, our results of operations may become more volatile and cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Finally, the legislation was intended, in part, to reduce the volatility of oil and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. Our revenues could therefore be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. Any of these consequences could have a material adverse effect on our combined financial position, results of operations and/or cash flows.

The scope and costs of the risks involved in making acquisitions may prove greater than estimated at the time of the acquisition.

Any acquisition, including our recent EP Energy Acquisition (see Summary Recent Developments), involves potential risks, including, among other things:

- the validity of our assumptions about reserves, future production, revenues, capital expenditures and operating costs;
- an inability to successfully integrate the businesses we acquire;
- a decrease in our liquidity by using a portion of our available cash or borrowing capacity under our revolving credit facility to finance acquisitions;
- a significant increase in our interest expense or financial leverage if we incur additional debt to finance acquisitions;
- the assumption of unknown environmental and other liabilities, losses or costs for which we are not indemnified or for which our indemnity is inadequate;
- the diversion of management s attention from other business concerns and increased demand on existing personnel;
- the incurrence of other significant charges, such as impairment of oil and natural gas properties, goodwill or other intangible assets, asset devaluation or restructuring charges;

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- unforeseen difficulties encountered in operating in new geographic areas; and
- customer or key employee losses at the acquired businesses.

The scope and cost of these risks may be materially greater than estimated at the time of the acquisition. Any of these factors could adversely affect our future growth.

We may be unsuccessful in integrating the operations from the EP Energy Acquisition and any future acquisitions with our operations and in realizing all of the anticipated benefits of these acquisitions.

The integration of operations acquired through the EP Energy Acquisition (See Summary Recent Developments), or other previously independent operations, can be a complex, costly and time-consuming process. The difficulties of combining these systems, as well as any operations we may acquire in the future, include, among other things:

- operating a significantly larger combined entity;
- the necessity of coordinating geographically disparate organizations, systems and facilities;
- integrating personnel with diverse business backgrounds and organizational cultures;
- consolidating operational and administrative functions;
- integrating internal controls, compliance under Sarbanes-Oxley Act of 2002 and other corporate governance matters;
- the diversion of management s attention from other business concerns;
- customer or key employee loss from the acquired businesses;
- a significant increase in our indebtedness; and
- potential environmental or regulatory liabilities and title problems.

Costs incurred and liabilities assumed in connection with an acquisition and increased capital expenditures and overhead costs incurred to expand our operations could harm our business or future prospects, and result in significant decreases in our gross margin and cash flows.

Properties that we acquired in the separation from Atlas Energy or afterward may not produce as projected and we may be unable to determine reserve potential, identify liabilities associated with the properties or obtain protection from sellers against such liabilities.

One of our growth strategies is to capitalize on opportunistic acquisitions of natural gas reserves. However, reviews of acquired properties are often incomplete because it generally is not feasible to review in depth every individual property involved in each acquisition. A detailed review of records and properties also may not necessarily reveal existing or potential problems, and may not permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential. Inspections may not always be performed on every well that we acquire. Potential problems, such as deficiencies in the mechanical integrity of equipment or environmental conditions that may require significant remedial expenditures, are not necessarily observable even when we inspect a well. Any unidentified problems could result in material liabilities and costs that negatively affect our financial condition and results of operations.

Even if we are able to identify problems with an acquisition, the seller may be unwilling or unable to provide effective contractual protection or indemnity against all or part of these problems. Even if a seller agrees to provide indemnity, the indemnity may not be fully enforceable and may be limited by floors and caps on such indemnity.

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Our acquisitions may prove to be worth less than we paid, or provide less than anticipated proved reserves, because of uncertainties in evaluating recoverable reserves, well performance, and potential liabilities as well as uncertainties in forecasting oil and natural gas prices and future development, production and marketing costs.

Successful acquisitions require an assessment of a number of factors, including estimates of recoverable reserves, development potential, well performance, future oil and natural gas prices, operating costs and potential environmental and other liabilities. Our estimates of future reserves and estimates of future production for our acquisitions are initially based on detailed information furnished by the sellers and subject to review, analysis and adjustment by our internal staff, typically without consulting independent petroleum engineers. Such assessments are inexact and their accuracy is inherently uncertain; our proved reserves estimates may thus exceed actual acquired proved reserves. In connection with our assessments, we perform a review of the acquired properties that we believe is generally consistent with industry practices. However, such a review will not reveal all existing or potential problems. In addition, our review may not permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. We do not inspect every well. Even when we inspect a well, we do not always discover structural, subsurface and environmental problems that may exist or arise. As a result of these factors, the purchase price we pay to acquire oil and natural gas properties may exceed the value we realize.

Also, our reviews of the properties included in the acquisitions are inherently incomplete because it is generally not feasible to perform an in-depth review of the individual properties involved in each acquisition given the time constraints imposed by the applicable acquisition agreement. Even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to fully assess their deficiencies and potential.

We may not identify all risks associated with the acquisition of oil and natural gas properties, or existing wells, and any indemnifications we receive from sellers may be insufficient to protect us from such risks, which may result in unexpected liabilities and costs to us.

Our business strategy focuses on acquisitions of undeveloped oil and natural gas properties that we believe are capable of production. We consummated the EP Energy Acquisition in July 2013 (See Summary Recent Developments), and may make additional acquisitions of undeveloped oil and gas properties from time to time, subject to available resources. Any acquisitions require an assessment of recoverable reserves, title, future oil and natural gas prices, operating costs, potential environmental hazards, potential tax and other liabilities and other factors. Generally, it is not feasible for us to review in detail every individual property involved in a potential acquisition. In making acquisitions, we generally focus most of our title, environmental and valuation efforts on the properties that we believe to be more significant, or of higher-value. Even a detailed review of properties and records may not reveal all existing or potential problems, nor would it permit us to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. In addition, we do not inspect in detail every well that we acquire. Potential problems, such as deficiencies in the mechanical integrity of equipment or environmental conditions that may require significant remedial expenditures, are not necessarily observable even when we perform a detailed inspection. Any unidentified problems could result in material liabilities and costs that negatively impact our financial condition and results of operations.

Even if we are able to identify problems with an acquisition, the seller may be unwilling or unable to provide effective contractual protection or indemnity against all or part of these problems. Even if a seller agrees to provide indemnity, the indemnity may not be fully enforceable or may be limited by floors and caps, and the financial wherewithal of such seller may significantly limit our ability to recover our costs and expenses. Any limitation on our ability to recover the costs related any potential problem could materially impact our financial condition and results of operations.

Ownership of our oil and gas production depends on good title to our property.

Good and clear title to our oil and gas properties is important. Although we will generally conduct title reviews before the purchase of most oil, gas and mineral producing properties or the commencement of drilling

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wells, such reviews do not assure that an unforeseen defect in the chain of title will not arise to defeat our claim, which could result in a reduction or elimination of the revenue received by us from such properties.

Federal legislation and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

Hydraulic fracturing is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations. The process involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. The process is typically regulated by state oil and natural gas commissions or by state environmental agencies.

Some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances. For example:

New York has imposed a *de facto* moratorium on the issuance of permits for high volume, horizontal hydraulic fracturing until state administered environmental studies are finalized. The Department of Environmental Conservation, orNYDEC, is accepting comments on its revised proposal to amend state regulations to address high-volume hydraulic fracturing until January 11, 2013. Final Regulations have not yet been issued. In October 2012, the New York Department of Environmental Conservation asked the New York Health Department to assess the health impacts of high volume hydraulic fracturing. The Health Department has not completed its assessment. NYDEC is not expected to take any final action or make any decision regarding hydraulic fracturing until after the health review is completed and the Department of Environmental Conservation, through the environmental impact statement, is satisfied that hydraulic fracturing can be done safely in New York State.

Pennsylvania has adopted a variety of regulations limiting how and where fracturing can be performed. In February 2012, legislation was passed in Pennsylvania requiring, among other things, disclosure of chemicals used in hydraulic fracturing. To implement the new legislative requirements, in August of 2012 the Pennsylvania Department of Environmental Protection, orPADEP, issued proposed conceptual changes to its environmental regulations governing oil and gas operations. The conceptual changes would include requiring secondary containment for tanks associated with hydraulic fracturing and the submission of increased water withdrawal information necessary to secure required Water Management Plans. In April 2013, PADEP presented a draft of the proposed regulatory language to the Pennsylvania Oil and Gas Advisory Board.

In June 2012, Ohio passed legislation that made several significant amendments to the state s oil and gas law, including additional permitting requirements, chemical disclosure requirements, and site investigation requirements for horizontal wells.

In September 2012, the Texas Railroad Commission approved new proposed regulations relating to the commercial recycling of produced water and/or hydraulic fracturing flowback fluid. In June 2013, the SEC adopted amendments to the Texas Administrative Code regarding casing, cementing, drilling, completion and well control.

In June 2012, the West Virginia Department of Environmental Protection introduced a proposed legislative rule titled Rules Governing Horizontal Well Development, which imposes more stringent regulation of horizontal drilling. The proposed rule was developed to provide further direction in the implementation and administration of the Natural Gas Horizontal Well Control Act that became effective on December 14, 2011.

In addition to state law, local land use restrictions, such as city ordinances, may restrict or prohibit the performance of well drilling in general and/or hydraulic fracturing in particular. If state, local, or municipal legal restrictions are adopted in areas where we are currently conducting, or in the future plan to conduct, operations, we may incur additional costs to comply with such requirements that may be significant in nature, experience

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delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps even be precluded from the drilling of wells. Generally, Federal, state and local restrictions and requirements are applied consistently to similar types of producers (e.g., conventional, unconventional, etc.), regardless of size of the producing company.

Although, to date, the hydraulic fracturing process has not generally been subject to regulation at the federal level, there are certain governmental reviews either under way or being proposed that focus on environmental aspects of hydraulic fracturing practices, and some federal regulation has taken place. A few of these initiatives are listed here, although others may exist now or be implemented in the future. In April 2012, President Obama established an Interagency Working Group to Support Safe and Responsible Development of Unconventional Domestic Natural Gas Resources with the purpose of coordinating the policies and activities of agencies regarding unconventional gas development. The Environmental Protection Agency, or the EPA, has asserted federal regulatory authority over certain hydraulic fracturing activities involving diesel fuel as an additive under the Safe Drinking Water Act. In May 2012, the EPA issued draft permitting guidance for oil and gas hydraulic fracturing activities using diesel fuel. After reviewing comments submitted on the draft guidance in September 2012, the EPA is considering withdrawing the draft guidance and reissuing the policies contained therein as a proposed rulemaking. In addition, legislation that would provide for increased federal regulation of hydraulic fracturing and require disclosure of the chemicals used in the hydraulic fracturing process could be introduced in the future. Furthermore, a number of federal agencies are analyzing, or have been requested to review, a variety of environmental issues associated with hydraulic fracturing. For example, the EPA is currently studying the potential environmental effects of hydraulic fracturing on drinking water and groundwater. The EPA issued a progress report regarding the hydraulic fracturing study on December 21, 2012. However, the progress report did not provide any results or conclusions. Research results are expected to be released in draft form in late 2014 for review by the public and the EPA Science Advisory Board. The EPA has not provided an anticipated date for completion of the report after peer review. The EPA is also proposing to issue a draft criteria document updating the water quality criteria for chloride in the summer of 2014, and a proposed rule regarding effluent limitation guidelines for natural gas extraction from shale gas in 2014. On May 16, 2012, the U.S. Department of the Interior, Bureau of Land Management published a supplemental notice of proposed rulemaking that includes provisions requiring disclosure of chemicals used in hydraulic fracturing and construction standards for hydraulic fracturing on federal lands.

Certain members of U.S. Congress have called upon the U.S. Government Accountability Office to investigate how hydraulic fracturing might adversely affect water resources, and Congress has asked the SEC to investigate the natural gas industry and any possible misleading of investors or the public regarding the economic feasibility of pursuing natural gas deposits in shales by means of hydraulic fracturing. In addition, Congress requested the U.S. Energy Information Administration to provide a better understanding of that agency s estimates regarding natural gas reserves, including reserves from shale formations, as well as uncertainties associated with those estimates. These ongoing or proposed studies, depending on their degree of pursuit and any meaningful results obtained, could result in initiatives to further regulate hydraulic fracturing under the Safe Drinking Water Act or one or more other regulatory mechanisms. If new laws or regulations that significantly restrict hydraulic fracturing are adopted at the state and local level, such laws could make it more difficult or costly for us to perform hydraulic fracturing to stimulate production from dense subsurface rock formations and, in the event of local prohibitions against commercial production of natural gas, may preclude our ability to drill wells. In addition, if hydraulic fracturing becomes regulated at the federal level as a result of federal legislation or regulatory initiatives by the EPA or other federal agencies, our fracturing activities could be significantly affected. Some of the potential effects of changes in Federal, state or local regulation of hydraulic fracturing operations could include, but are not limited to, the following: additional permitting requirements, permitting delays, increased costs, changes in the way operations, drilling and/or completion must be conducted, increased recordkeeping and reporting, and restrictions on the types of additives that can be used, among other potential effects that are not listed here. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that we are ultimately able to produce from our reserves.

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Recently promulgated rules regulating air emissions from oil and natural gas operations could cause us to incur increased capital expenditures and operating costs.

In August 2012, the EPA published final rules that establish new air emission controls for oil and natural gas production and natural gas processing operations. Specifically, the EPA s rule package includes New Source Performance Standards, or the NSPS, to address emissions of sulfur dioxide and volatile organic compounds, orVOCs, and a separate set of emission standards to address hazardous air pollutants frequently associated with oil and natural gas production and processing activities. The NSPS require operators, starting in 2015, to reduce VOC emissions from oil and natural gas production facilities by conducting green completions for hydraulic fracturing, that is, recovering rather than venting the gas and natural gas liquids that come to the surface during completion of the fracturing process. The NSPS also establish specific requirements regarding emissions from compressors, dehydrators, storage tanks, and other production equipment. In addition, effective in 2012, the rules establish new notification requirements before conducting hydraulic fracturing and more stringent leak detection requirements for natural gas processing plants. The NSPS became effective October 15, 2012 and will likely require a number of modifications to our operations, including the installation of new equipment. Compliance with the new rules could result in significant costs, including increased capital expenditures and operating costs, and could adversely impact our business.

States are also proposing more stringent requirements in air permits for well sites and compressor stations. For example, Pennsylvania has proposed to revise a list of sources exempt from air permitting requirements such that certain sources associated with oil and gas exploration and production would be required to obtain an air permit. In conjunction with this proposal, Pennsylvania has proposed to revise its General Permit for Natural Gas Production Facilities to include well sites. Ohio is also considering revising its current General Permit for Natural Gas Production Operations to cover emissions from completion activities.

Climate change legislation or regulations restricting emissions of greenhouse gases could result in increased operating costs and reduced demand for our services.

Both houses of U.S. Congress have actively considered legislation to reduce emissions of greenhouse gases, and almost half of the states have already taken legal measures to reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. Most of these cap and trade programs work by requiring either major sources of emissions or major producers of fuels to acquire and surrender emission allowances, with the number of allowances available for purchase reduced each year until the overall greenhouse gas emission reduction goal is achieved. The adoption of any legislation or regulations that limits emissions of greenhouse gases from our equipment and operations could require us to incur costs to reduce emissions of greenhouse gases associated with our operations, and such requirements also could adversely affect demand for the oil and natural gas that we produce.

In response to findings that emissions of carbon dioxide, methane, and other greenhouse gases present a danger to public health and the environment because emissions of such gases are contributing to the warming of the earth s atmosphere and other climate changes, the EPA has adopted regulations under existing provisions of the Clean Air Act that require entities that produce certain gases to inventory, monitor and report such gases. On November 30, 2010, the EPA published a final greenhouse gas emissions reporting rule relating to natural gas processing, transmission, storage, and distribution activities, which required reporting by September 28, 2012 for emissions occurring in 2011. Additionally, in 2010, the EPA issued rules to regulate greenhouse gas emissions through traditional major source construction and operating permit programs. The EPA confirmed the permitting thresholds established in the 2010 rule in July 2012. These permitting programs require consideration of and, if deemed necessary, implementation of best available control technology to reduce greenhouse gas emissions. As a result, our operations could face additional costs for emissions control and higher costs of doing business.

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The third parties on whom we rely for gathering and transportation services are subject to complex federal, state and other laws that could adversely affect the cost, manner or feasibility of conducting our business.

The operations of the third parties on whom we rely for gathering and transportation services are subject to complex and stringent laws and regulations that require obtaining and maintaining numerous permits, approvals and certifications from various federal, state and local government authorities. These third parties may incur substantial costs in order to comply with existing laws and regulation. If existing laws and regulations governing such third-party services are revised or reinterpreted, or if new laws and regulations become applicable to their operations, these changes may affect the costs that we pay for such services. Similarly, a failure to comply with such laws and regulations by the third parties on whom we rely could have a material adverse effect on our business, financial condition, results of operations and our ability to service our debt.

Our drilling and production operations require adequate sources of water to facilitate the fracturing process and the disposal of that water. If we are unable to dispose of the water we use or remove from the strata at a reasonable cost and within applicable environmental rules, our ability to produce gas commercially and in commercial quantities could be impaired.

A significant portion of our natural gas extraction activity utilizes hydraulic fracturing, which results in water that must be treated and disposed of in accordance with applicable regulatory requirements. Environmental regulations governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing may increase operating costs and cause delays, interruptions or termination of operations, the extent of which cannot be predicted, all of which could have an adverse effect on our operations and financial performance. For example, Pennsylvania requires the development of a Water Management Plan before hydraulically fracturing an unconventional well. The requirements of these plans continue to be modified by state laws and PADEP policies. In June 2012, Ohio passed legislation that established a water withdrawal and consumptive use permit program in the Lake Erie watershed. If certain withdrawal thresholds are triggered due to our water needs for a particular project, we will be required to develop a Water Conservation Plan and obtain a withdrawal permit for that project.

Our ability to collect and dispose of water will affect our production, and potential increases in the cost of water treatment and disposal may affect our profitability. The imposition of new environmental initiatives and regulations could include restrictions on our ability to conduct hydraulic fracturing or disposal of produced water, drilling fluids and other substances associated with the exploration, development and production of gas and oil. For example, in October 2012, the Ohio Department of Natural Resources promulgated amendments to the regulations governing disposal wells in Ohio. The rules provide the Department with the authority to require certain testing as part of the process for obtaining a permit for the underground injection of produced water, and require all new disposal wells to be equipped with continuous pressure monitors and automatic shut off devices.

Impact fees and severance taxes could materially increase our liabilities.

In an effort to offset budget deficits and fund state programs, many states have imposed impact fees and/or severance taxes on the natural gas industry. In February 2012, Pennsylvania implemented an impact fee for unconventional wells drilled in the Commonwealth. An unconventional gas well is a well that is drilled into an unconventional formation, which would include the Marcellus Shale. The impact fee, which changes from year to year, is computed using the prior year s trailing 12 month NYMEX natural gas price and is based upon a tiered pricing matrix. For example, based upon natural gas prices for 2012, the impact fee for qualifying unconventional horizontal wells spudded during 2012 was $45,000 per well and the impact fee for unconventional vertical wells was reduced to twenty percent of the horizontal well fee. The impact fee is due by April 1 of the year following the year that a horizontal unconventional well is spudded or a vertical unconventional well is put into production. The fee will continue for 15 years for a horizontal unconventional well and ten years for a vertical unconventional well. The impact fee for our wells including the wells in our drilling partnerships, which we refer to herein as Drilling Partnerships, was in excess of $2.1 million for the year ended December 31, 2012. In total, the natural gas industry paid more than $200 million to the Commonwealth of Pennsylvania, which will be distributed between state agencies, local entities and other related groups.

Ohio Governor John Kasich has proposed a severance tax on gas, oil and natural gas liquids produced from high-volume producing formations that are recovered through hydraulic fracturing. Under the tax plan as initially proposed, oil and natural gas liquids recovered through hydraulic fracturing in the Utica and Marcellus shales would be taxed at 1.5% of annual gross sales in the first year and 4% per year for each year thereafter. Natural gas would be taxed yearly at 1% of gross sales. The proposed plan also levies a $25,000 up front impact fee for each well drilled in the state. The plan is presently under review by the General Assembly, and the final version will be included in the biannual budget bill to be enacted by June 30, 2013.

President Obama s budget proposals for 2013 and 2014 included proposed provisions with significant tax consequences. If enacted, U.S. tax laws could be amended to eliminate certain deductions for drilling, exploration and development and the mandatory funding of certain public lands and research and development of transportation alternatives.

Because we handle natural gas and oil, we may incur significant costs and liabilities in the future resulting from a failure to comply with new or existing environmental regulations or an accidental release of substances into the environment.

How we plan, design, drill, install, operate and abandon natural gas wells and associated facilities are matters subject to stringent and complex federal, state and local environmental laws and regulations. These include, for example:

- The federal Clean Air Act and comparable state laws and regulations that impose obligations related to air emissions;

- The federal Clean Water Act and comparable state laws and regulations that impose obligations related to spills, releases, streams, wetlands and discharges of pollutants into regulated bodies of water;

- The federal Resource Conservation and Recovery Act, or RCRA, and comparable state laws that impose requirements for the handling and disposal of waste, including produced waters, from our facilities;

- The federal Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, and comparable state laws that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by us or at locations to which we have sent waste for disposal; and

- Wildlife protection laws and regulations such as the Migratory Bird Treaty Act that requires operators to cover reserve pits during the cleanup phase of the pit, if the pit is open more than 90 days.

Complying with these requirements is expected to increase costs and prompt delays in natural gas production. There can be no assurance that we will be able to obtain all necessary permits and, if obtained, that the costs associated with obtaining such permits will not exceed those that previously had been estimated. It is possible that the costs and delays associated with compliance with such requirements could cause us to delay or abandon the further development of certain properties.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements and the issuance of orders enjoining future operations. These enforcement actions may be handled by the EPA and/or the appropriate state agency. In some cases, the EPA has taken a heightened role in oil and gas enforcement activities. For example, in 2011, EPA Region III requested the lead on all oil and gas related

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violations in the United States Army Corps of Engineers Pittsburgh District. We also understand that the EPA has taken an increased interest in assessing operator compliance with the Spill Prevention, Control and Countermeasures regulations, set forth at 40 CFR Part 112.

Certain environmental statutes, including RCRA, CERCLA, the federal Oil Pollution Act and analogous state laws and regulations, impose strict, joint and several liability for costs required to clean up and restore sites where certain substances have been disposed of or otherwise released, whether caused by our operations, the past operations of our predecessors or third parties. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other waste products into the environment.

There is an inherent risk that we may incur environmental costs and liabilities due to the nature of our business and the substances we handle. For example, an accidental release from one of our wells could subject us to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage, and fines or penalties for related violations of environmental laws or regulations. Moreover, the possibility exists that stricter laws, regulations or enforcement policies may be enacted or adopted and could significantly increase our compliance costs and the cost of any remediation that may become necessary. We may not be able to recover remediation costs under our respective insurance policies.

We are subject to comprehensive federal, state, local and other laws and regulations that could increase the cost and alter the manner or feasibility of us doing business.

Our operations are regulated extensively at the federal, state and local levels. The regulatory environment in which we operate includes, in some cases, legal requirements for obtaining environmental assessments, environmental impact studies and/or plans of development before commencing drilling and production activities. In addition, our activities will be subject to the regulations regarding conservation practices and protection of correlative rights. These regulations affect our operations and limit the quantity of natural gas we may produce and sell. A major risk inherent in our drilling plans is the need to obtain drilling permits from state and local authorities. Delays in obtaining regulatory approvals or drilling permits, the failure to obtain a drilling permit for a well or the receipt of a permit with unreasonable conditions or costs could inhibit our ability to develop our respective properties. Additionally, the natural gas and oil regulatory environment could change in ways that might substantially increase the financial and managerial costs of compliance with these laws and regulations and, consequently, reduce our profitability. For example, Pennsylvania s General Assembly approved legislation in February 2012 that imposes significant, costly requirements on the natural gas industry, including the imposition of increased bonding requirements and impact fees for gas wells, based on the price of natural gas and the age of the well. Regulations associated with this legislation are being conceptually discussed by the PADEP and, if finalized, will impact how natural gas operations are conducted in Pennsylvania. Similarly, West Virginia has proposed regulations associated with its existing Horizontal Well Control Act and is signaling that additional regulations are on the horizon. We may be put at a competitive disadvantage to larger companies in our industry that can spread these additional costs over a greater number of wells and these increased regulatory hurdles over a larger operating staff.

We may not be able to continue to raise funds through our investment partnerships at desired levels, which may in turn restrict our ability to maintain our drilling activity at recent levels.

We sponsor limited and general partnerships to finance certain of our development drilling activities. Accordingly, the amount of development activities that we will undertake depends in large part upon our ability to obtain investor subscriptions to invest in these partnerships. We raised $127.1 million in 2012 and before our separation from Atlas Energy, it raised $141.9 million in 2011 and $149.3 million in 2010. In the future, we may not be successful in raising funds through these investment partnerships at the same levels that it experienced, and we also may not be successful in increasing the amount of funds we raise. Our ability to raise funds through

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our investment partnerships depends in large part upon the perception of investors of their potential return on their investment and their tax benefits from investing in them, which perception is influenced significantly by our historical track record of generating returns and tax benefits to the investors in our existing partnerships.

In the event that our investment partnerships do not achieve satisfactory returns on investment or the anticipated tax benefits, we may have difficulty in maintaining or increasing the level of investment partnership fundraising relative to the levels achieved by us. In this event, we may need to seek financing for our drilling activities through alternative methods, which may not be available, or which may be available only on a less attractive basis than the financing we realized through these investment partnerships, or we may determine to reduce drilling activity.

Changes in tax laws may impair our ability to obtain capital funds through investment partnerships.

Under current federal tax laws, there are tax benefits to investing in investment partnerships, including deductions for intangible drilling costs and depletion deductions. However, both the Obama Administration s budget proposal for fiscal year 2013 and other recently introduced legislation include proposals that would, among other things, eliminate or reduce certain key U.S. federal income tax incentives currently available to oil and natural gas exploration and production companies. These changes include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs and certain environmental clean-up costs, (iii) the elimination of the deduction for certain domestic production activities, and (iv) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could become effective. The passage of any legislation as a result of these proposals or any other similar changes in U.S. federal income tax laws could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development. The repeal of these oil and gas tax benefits, if it happens, would result in a substantial decrease in tax benefits associated with an investment in our investment partnerships. These or other changes to federal tax law may make investment in our investment partnerships less attractive and, thus, reduce our ability to obtain funding from this significant source of capital funds.

Fee-based revenues may decline if we are unsuccessful in sponsoring new investment partnerships.

Our fee-based revenues will be based on the number of investment partnerships we sponsor and the number of partnerships and wells we manage or operate. If we are unsuccessful in sponsoring future investment partnerships, our fee-based revenues may decline.

Our revenues may decrease if investors in our investment partnerships do not receive a minimum return.

We have agreed to subordinate a portion of our share of production revenues, net of corresponding production costs, to specified returns to the investor partners in the investment partnerships, typically 10% per year for the first five to seven years of distributions. Thus, our revenues from a particular partnership will decrease if we do not achieve the specified minimum return.

We or one of our subsidiaries may be exposed to financial and other liabilities as the managing general partner in investment partnerships.

We or one of our subsidiaries serves as the managing general partner of the investment partnerships and will be the managing general partner of new investment partnerships that we sponsor. As a general partner, we or one of our subsidiaries will be contingently liable for the obligations of the partnerships to the extent that partnership assets or insurance proceeds are insufficient. We have agreed to indemnify each investor partner in the investment partnerships from any liability that exceeds such partner s share of the investment partnership s assets.

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Covenants in our credit facility restrict our business in many ways.

Our credit facility contains various restrictive covenants that limit our ability to, among other things:

- incur additional debt or liens or provide guarantees in respect of obligations of other persons;
- pay distributions or redeem or repurchase our securities;
- prepay, redeem or repurchase debt;
- make loans, investments and acquisitions;
- enter into hedging arrangements;
- sell assets;
- enter into certain transactions with affiliates; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

In addition, our credit facility requires us to maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and we may be unable to meet those tests. A breach of any of these covenants could result in a default under our credit facility. Upon the occurrence of an event of default, the lenders under the credit facility could elect to declare all amounts outstanding immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. We have pledged a significant portion of our assets as collateral under our credit facility. If the lenders accelerate the repayment of borrowings, we may not have sufficient assets to repay our credit facility and our other liabilities. Our borrowings under our credit facility are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same.

Economic conditions and instability in the financial markets could negatively impact our business which, in turn, could impact the cash we have to pay interest and principal on the notes.

Our operations are affected by the financial markets and related effects in the global financial system. The consequences of an economic recession and the effects of the financial crisis include a lower level of economic activity and increased volatility in energy prices. This may result in a decline in energy consumption and lower market prices for oil and natural gas and has previously resulted in a reduction in drilling activity in our service areas. Any of these events may adversely affect our revenues and ability to fund capital expenditures and, in the future, may impact the cash that we have available to fund our operations, pay required debt service on our credit facility and the notes.

Potential instability in the financial markets, as a result of recession or otherwise, can cause volatility in the markets and may affect our ability to raise capital and reduce the amount of cash available to fund operations. We cannot be certain that additional capital will be available to us to the extent required and on acceptable terms. Disruptions in the capital and credit markets could negatively impact our access to liquidity needed for our businesses and impact flexibility to react to changing economic and business conditions. We may be unable to execute our growth strategies, take advantage of business opportunities or to respond to competitive pressures, any of which could negatively impact our business.

Economic situations could have an adverse impact on producers, key suppliers or other customers, or on our lenders, causing them to fail to meet their obligations. Market conditions could also impact our derivative instruments. If a counterparty is unable to perform its obligations and the derivative instrument is terminated, our cash flow and ability to pay debt service could be impacted. The uncertainty and volatility surrounding the global financial system may have further impacts on our business and financial condition that we currently cannot predict or anticipate.

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Our historical financial information may not be representative of the results we would have achieved as a stand-alone public company and may not be a reliable indicator of our future results.

Some of the historical financial information that we have included in this offering memorandum may not necessarily reflect what our financial position, results of operations or cash flows would have been had we been an independent, stand-alone entity during the periods presented or those that we will achieve in the future. The general and administrative expenses reflected in the financial statements for Atlas Energy E&P Operations include an allocation for certain corporate functions historically provided by Atlas Energy. These allocations were based on what we and Atlas Energy considered to be reasonable reflections of the historical utilization levels of these services required in support of the business. We have not adjusted the historical financial statements for Atlas Energy E&P Operations to reflect changes that occurred in our cost structure and operations as a result of our transition to becoming a stand-alone public company. Therefore, the financial statements of Atlas E&P Operations and our historical financial information may not necessarily be indicative of what our financial position, results of operations or cash flows will be in the future.

Estimates of the reserves are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.

Underground accumulations of natural gas and oil cannot be measured in an exact way. Natural gas and oil reserve engineering requires subjective estimates of underground accumulations of natural gas and oil and assumptions concerning future natural gas prices, production levels and operating and development costs. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. Our current estimates of our proved reserves are prepared by our internal engineers and our independent petroleum engineers. Over time, our internal engineers may make material changes to reserve estimates taking into account the results of actual drilling and production. Some of our reserve estimates were made without the benefit of a lengthy production history, which are less reliable than estimates based on a lengthy production history. Also, we make certain assumptions regarding future natural gas prices, production levels and operating and development costs that may prove incorrect. Any significant variance from these assumptions by actual figures could greatly affect our estimates of reserves, the economically recoverable quantities of natural gas and oil attributable to any particular group of properties, the classifications of reserves based on risk of recovery and estimates of the future net cash flows. Our standardized measure is calculated using natural gas prices that do not include financial hedges. Numerous changes over time to the assumptions on which our reserve estimates are based, as described above, often result in the actual quantities of natural gas and oil we ultimately recover being different from our reserve estimates.

The present value of future net cash flows from our proved reserves is not necessarily the same as the current market value of our estimated natural gas reserves. We base the estimated discounted future net cash flows from our proved reserves on historical prices and costs. However, actual future net cash flows from our natural gas properties also will be affected by factors such as:

- actual prices we receive for natural gas;
- the amount and timing of actual production;
- the amount and timing of our capital expenditures;
- the amount and timing of our capital expenditures;
- changes in governmental regulations or taxation.

The timing of both our production and incurrence of expenses in connection with the development and production of natural gas properties will affect the timing of actual future net cash flows from proved reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net cash flows may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the natural gas and oil industry in general.

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Any significant variance in our assumptions could materially affect the quantity and value of reserves, the amount of standardized measure, and our financial condition and results of operations. In addition, our reserves or standardized measure may be revised downward or upward based upon production history, results of future exploitation and development activities, prevailing natural gas and oil prices and other factors. A material decline in prices paid for our production can reduce the estimated volumes of our reserves because the economic life of our wells could end sooner. Similarly, a decline in market prices for natural gas or oil may reduce our standardized measure.

If we were characterized as a corporation for U.S. federal income tax purposes under current law, or if we were to become subject to entity-level taxation for U.S. federal and/or state income or franchise tax purposes as a result of future changes in law, our ability to pay interest and principal on the notes could be materially and adversely impacted.

We believe that, since 2011, we have qualified as a partnership for U.S. federal income tax purposes, which requires that 90% or more of our gross income for every taxable year consist of qualifying income, as defined in Section 7704 of the Internal Revenue Code of 1986, as amended, orthe Code. Qualifying income is defined as income and gains derived from the exploration, development, mining or production, processing, refining, transportation (including pipelines transporting gas, oil, or products thereof), or the marketing of any mineral or natural resource (including fertilizer, geothermal energy, and timber). We may in fact not meet this requirement under current law, and we have not requested, and do not plan to request, a ruling from the Internal Revenue Service, or the IRS, on this or any other matter affecting us. Moreover, current law may change so as to cause us to be treated as a corporation for U.S. federal income tax purposes or to subject us to state corporate income tax. For example, because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity level taxation through the imposition of state income, franchise or other forms of taxation.

If we were treated as a corporation for U.S. federal income tax purposes (or state income or franchise tax purposes) for any taxable year (including any prior taxable years for which the statute of limitations remains open), the resulting U.S. federal income tax and state income tax liability could result in a material reduction in our anticipated cash flow, which could adversely affect our ability to pay interest and principal on the notes.

Risks Realting to Our Ongoing Relationship with Atlas Energy and its Affiliates

Atlas Energy owns common units representing an approximate 36.9% limited partner interest and all of the equity of our general partner, which, in turn, owns class A units representing a 2% general partner interest. Therefore, Atlas Energy has effective control of us.

As of September 30, 2013, Atlas Energy owns approximately 30.0 million common units and 3.7 million preferred limited partner units, representing an approximate 36.9% limited partner interest and all of the equity of our general partner, which, in turn, owns class A units representing a 2% general partner interest in us. Accordingly, Atlas Energy possesses a substantial vote on all matters submitted to a vote of our unitholders, and will elect the board of directors of our general partner. The board of directors of Atlas Energy s general partner is elected by the unitholders of Atlas Energy. As long as Atlas Energy owns our general partner, it will be able to control, subject to our partnership agreement and applicable law, all matters affecting us, including:

- any determination with respect to our business direction and policies, including the appointment and removal of officers;
- any determinations with respect to mergers, business combinations or disposition of assets;
- our financing;
- compensation and benefit programs and other human resources policy decisions;
- the payment of dividends on our units; and

determinations with respect to our tax returns.

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Atlas Energy owns and controls our general partner, which has the authority to conduct our business and manage our operations. Atlas Energy may have conflicts of interest, which may permit it to favor its own interests to our unitholders detriment.

Atlas Energy owns and controls our general partner. Conflicts of interest may arise between Atlas Energy and its affiliates, including our general partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts of interest, our general partner is permitted to favor its own interests and the interests of its owners over the interests of our unitholders. These conflicts include, among others, the following situations:

- neither our partnership agreement nor any other agreement requires Atlas Energy or any of its affiliates to pursue a business strategy that favors us or to refer any business opportunity to us;
- our general partner is expressly allowed to take into account the interests of parties other than us, such as Atlas Energy, in resolving conflicts of interest;
- our partnership agreement eliminates any fiduciary duties owed by our general partner to us, and restricts the remedies available to unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty;
- except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- our general partner determines the amount and timing of our drilling programs and related capital expenditures, asset purchases and sales, borrowings, issuance of additional partnership securities and reserves;
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;
- our general partner determines the amount and timing of any capital expenditure and whether a capital expenditure is classified as a maintenance capital expenditure, which reduces operating surplus, or an expansion or investment capital expenditure, which does not reduce operating surplus. Our partnership agreement does not set a limit on the amount of maintenance capital expenditures that our general partner may estimate;
- our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates;
- our general partner intends to limit its liability regarding our contractual and other obligations;
- our general partner decides which costs incurred by it and its affiliates are reimbursable by us; and
- our general partner decides whether to retain separate counsel, accountants or others to perform services for us.

Atlas Energy and other affiliates of our general partner may compete with us. This could cause conflicts of interest and limit our ability to acquire additional assets or businesses, which in turn could adversely affect our ability to replace reserves, results of operations and cash available for debt service.

Our partnership agreement provides that our general partner will be restricted from engaging in any business activities other than acting as our general partner and those activities incidental to its ownership interest in us. Affiliates of our general partner, however, are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us. Atlas Energy and its affiliates may make investments and acquisitions that may include entities or assets that we would have been interested in acquiring. For example, Atlas Energy retained its rights of way in Ohio, which can be used to develop natural gas and oil assets for development and production purposes. Pursuant to the separation and distribution agreement, Atlas Energy has the right to have access to our gathering assets in Ohio for any natural gas and oil production on commercially

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prevailing market terms to be agreed between Atlas Energy and us. Although we have the right to use such rights of way retained by Atlas Energy, as well as to use our own gathering assets in Ohio, Atlas Energy could use these rights of way, together with the right to have access to our gathering assets, to compete with us in the Ohio area. In addition, members of management of Atlas Energy, some of whom may also participate in the management of our general partner, have substantial experience in the natural gas and oil business.

Therefore, Atlas Energy and its affiliates may compete with us for investment opportunities and Atlas Energy and its affiliates may own an interest in entities that compete with us.

Our partnership agreement provides that:

- subject to any contractual provision to the contrary, Atlas Energy has no obligation to refrain from engaging in the same or similar business activities or lines of business we do, doing business with any of our customers or employing or otherwise engaging any of our officers or employees;

- neither Atlas Energy nor any of its officers or directors will be liable to us or to our unitholders for breach of any duty, including any fiduciary duty, by reason of any of these activities; and

- none of our general partner, its affiliates or any of their respective directors or officers is under any duty to present any corporate opportunity to us which may be a corporate opportunity for such person and us, and such person will not be liable to us or our unitholders for breach of any duty, including any fiduciary duty, by reason of the fact that such person pursues or acquires that corporate opportunity for itself, directs that corporate opportunity to another person or does not present that corporate opportunity to us.

Accordingly, Atlas Energy and its affiliates may acquire, develop or dispose of additional natural gas or oil properties or other assets in the future, without any obligation to offer us the opportunity to purchase or develop any of those assets. These factors may make it difficult for us to compete with Atlas Energy and its affiliates with respect to commercial activities as well as for acquisition candidates. As a result, competition from these entities could adversely impact our results of operations and accordingly cash available for debt service. This also may create actual and potential conflicts of interest between us and affiliates of our general partner and result in less than favorable treatment of us.

Certain of our officers and directors are subject to non-competition agreements that may effectively restrict our ability to expand our business in the Marcellus Shale.

Edward Cohen, who serves as our Chief Executive Officer, Chairman of the Board of our general partner and Chief Executive Officer and President of Atlas Energy, and Jonathan Cohen, who serves as our Vice Chairman of the Board and Executive Chairman of the Board of Atlas Energy, are each parties to a non-competition and non-solicitation agreement with Chevron Corporation. These agreements restrict each such individual, until February 17, 2014, from engaging in any capacity (whether as officer, director, owner, partner, stockholder, investor, consultant, principal, agent, employee, coventurer or otherwise) in a business engaged in the exploration, development or production of hydrocarbons in certain designated counties within the States of Pennsylvania, West Virginia and New York, and from engaging in certain solicitation activities with respect to oil and gas leases, customers, suppliers and contractors of Atlas Energy, Inc., Atlas Energy s predecessor, which we refer to as AEI. The restrictions are subject to certain limited exceptions, including exceptions permitting Jonathan Cohen and Edward Cohen in certain circumstances to engage in the businesses conducted by Atlas Energy (including with respect to the operation of the assets Atlas Energy acquired from AEI in February 2011) and Atlas Pipeline Partners, L.P.

Due to the roles of Jonathan Cohen and Edward Cohen at Atlas Energy and at our general partner, our ability to expand our business in the Marcellus Shale may be limited.

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Certain of the officers and directors of our general partner may have actual or potential conflicts of interest because of their positions with Atlas Energy.

Certain of the directors and officers of our general partner, including our Chairman, Chief Executive Officer, Vice Chairman, President, Chief Financial Officer and Chief Accounting Officer, have positions with Atlas Energy or its general partner. In addition, such directors and officers may own Atlas Energy common units, options to purchase Atlas Energy common units or other Atlas Energy equity awards. The individual holdings of Atlas Energy common units, options to purchase common units of Atlas Energy or other equity awards may be significant for some of these persons compared to these persons total assets. Their position at Atlas Energy and the ownership of any Atlas Energy equity or equity awards creates, or may create the appearance of, conflicts of interest when these expected directors and officers are faced with decisions that could have different implications for Atlas Energy than the decisions have for us.

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SELECTED HISTORICAL FINANCIAL DATA

The following tables present summary historical condensed financial and operating data for us and our predecessor, Atlas Energy E&P Operations, as of and for the periods indicated. Atlas Energy E&P Operations consists of the subsidiaries of Atlas Energy that held its natural gas and oil development and production assets and liabilities and its partnership management business, substantially all of which Atlas Energy transferred to us on March 5, 2012.

The summary historical condensed consolidated combined statement of operations data for the nine months ended September 30, 2012 and 2013 and the summary historical condensed consolidated balance sheet data as of September 30, 2013 have been derived from our unaudited condensed consolidated combined financial statements incorporated by reference in this prospectus. The summary historical condensed combined statement of operations data for the fiscal year ended December 31, 2012 and the summary historical condensed balance sheet data as of December 31, 2012 were derived from our audited financial statements incorporated by reference in this prospectus. The summary historical condensed combined statement of operations data for each of the fiscal years in the two-year period ended December 31, 2011 and the summary historical condensed combined balance sheet data as of December 31, 2011 were derived from Atlas Energy E&P Operations audited combined financial statements incorporated by reference in this prospectus. The unaudited consolidated combined financial statements have been prepared on the same basis as the audited combined financial statements and, in our opinion, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein.

The following tables include the non-GAAP financial measures of EBITDA and Adjusted EBITDA. For a definition of these measures and reconciliation to their most directly comparable financial measure calculated and presented in accordance with GAAP, see the notes to the table.

The financial data below should be read together with, and are qualified in their entirety by reference to, our historical consolidated financial statements and the related notes, and Management s Discussion and Analysis of Financial Condition and Results of Operations and other financial information included elsewhere or incorporated by reference in this prospectus.

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	Historical						
	Year Ended December 31,					Nine Months Ended September 30,	
	2008	2009	2010	2011	2012	2012	2013
	(amounts in thousands)						
Income Statement Data							
Revenues:							
Gas and oil production	$ 127,083	$ 112,979	$ 93,050	$ 66,979	$ 92,901	$ 61,323	$ 173,490
Well construction and completion	415,036	372,045	206,802	135,283	131,496	92,277	92,293
Gathering	19,098	18,839	14,087	17,746	16,267	10,311	11,639
Administration and oversight	19,277	15,554	9,716	7,741	11,810	8,586	8,923
Well services	18,513	17,859	20,994	19,803	20,041	15,344	14,703
Other				(30)	(4,886)	(4,952)	(14,589)
Total revenues	599,007	537,276	344,649	247,522	267,629	182,889	286,459
Expenses							
Gas and oil production	25,104	25,557	23,323	17,100	26,624	16,247	63,670
Well construction and completion	359,609	315,546	175,247	115,630	114,079	79,882	80,255
Gathering	19,098	25,269	20,221	20,842	19,491	13,185	13,767
Well services	10,654	9,330	10,822	8,738	9,280	7,076	7,009
General and administrative	13,074	15,832	11,381	27,536	69,123	48,427	63,767
Chevron transaction expense					7,670	7,670	
Depreciation, depletion and amortization	39,781	43,712	40,758	30,869	52,582	33,848	85,061
Asset impairment		156,359	50,669	6,995	9,507		
Total operating expenses	467,320	591,605	332,421	227,710	308,356	206,335	313,529
Operating income (loss)	131,687	(54,329)	12,228	19,812	(40,727)	(23,446)	(27,070)
Interest expense					(4,195)	(2,529)	(22,145)
Gain (loss) on asset sales			(2,947)	87	(6,980)	(7,019)	(2,035)
Net Income (loss)	$ 131,687	$ (54,329)	$ 9,281	$ 19,899	$ (51,902)	$ (32,994)	$ (51,250)
Balance sheet data (at period end):							
Total assets	$ 834,260	$ 690,603	$ 649,232	$ 702,366	$ 1,498,952	$ 1,138,942	$ 2,386,852
Property, plant and equipment, net	616,257	503,386	508,484	520,883	1,302,228	1,016,110	2,175,754
Long-term debt, including current maturities					351,425	222,000	948,279
Total equity	515,622	351,586	381,882	457,175	862,006	708,748	1,169,929
Cash flow data:							
Cash provided by (used in) operating activities	$ 169,278	$ 192,201	$ 60,586	$ 71,437	$ 16,486	$ (14,987)	$ 13,190
Cash used in investing activities	(262,153)	(98,393)	(92,423)	(47,509)	(644,278)	(337,868)	(922,656)
Cash provided by (used in) financing activities	92,875	(93,808)	31,837	30,780	596,272	322,413	887,730
Capital expenditures	264,125	99,302	93,608	47,324	127,226	73,379	203,996
Other financial data:							
EBITDA(1)	$ 171,468	$ (10,617)	$ 50,039	$ 50,768	$ 4,875	$ 3,383	$ 55,956
Adjusted EBITDA(1)	171,468	145,742	103,655	57,676	71,584	48,951	108,713
Operating data:							
Net Production							
Natural gas (Mcfd)	32,791	38,644	35,855	31,403	69,408	60,531	134,945
Oil (Bpd)	423	427	373	307	330	291	1,301
Natural gas liquids (Bpd)		101	499	444	974	652	3,441
Total (Mcfed)	35,327	41,814	41,090	35,912	77,232	66,189	163,397
Average sales price, excluding effects of subordination:							
Natural gas (per Mcf)(2)							
Realized price, after hedge	$ 9.40	$ 7.54	$ 7.08	$ 4.98	$ 3.29	$ 3.42	$ 3.39
Realized price, before hedge	$ 9.63	$ 4.04	$ 4.60	$ 4.53	$ 2.60	$ 2.60	$ 3.19
Oil (per Bbl)							
Realized price, after hedge	$ 92.28	$ 71.34	$ 77.31	$ 89.70	$ 94.02	$ 95.70	$ 91.19
Realized price before hedge	$ 91.71	$ 57.41	$ 71.37	$ 89.07	$ 91.32	$ 93.38	$ 96.50
Natural gas liquids realized price (per Bbl)	$	$ 36.19	$ 37.78	$ 48.26	$ 31.97	$ 33.09	$ 28.01
Production Costs (per Mcfe):							
Lease operating expenses(3)	$ 1.06	$ 1.10	$ 1.27	$ 1.09	$ 0.82	$ 0.80	$ 1.12

Production taxes	0.03	0.03	0.04	0.10	0.12	0.12	0.17
Transportation and compression	0.85	0.68	0.65	0.43	0.24	0.27	0.22
Total	$ 1.94	$ 1.80	$ 1.96	$ 1.61	$ 1.19	$ 1.19	$ 1.51

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(1) Although not prescribed under GAAP, we believe the presentation of EBITDA and Adjusted EBITDA is relevant and useful because it helps our investors understand our operating performance, allows for easier comparison of our results with other master limited partnerships (MLP), and is a critical component in the determination of quarterly cash distributions. EBITDA and Adjusted EBITDA should not be considered in isolation of, or as a substitute for, net income as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. While our management believes that our methodology of calculating EBITDA and Adjusted EBITDA is generally consistent with the common practice of other MLPs, such metrics may not be consistent and, as such, may not be comparable to measures reported by other MLPs, who may use other adjustments related to their specific businesses. EBITDA and Adjusted EBITDA are supplemental financial measures used by our management and by external users of our financial statements such as investors, lenders under our credit facility, research analysts, rating agencies and others to assess:

- Our operating performance as compared to other publicly traded partnerships and other companies in the upstream energy sector, without regard to financing methods, historical cost basis or capital structure;
- Our ability to generate sufficient cash flows to support our distributions to unitholders;
- Our ability to incur and service debt and fund capital expansion;
- The viability of potential acquisitions and other capital expenditure projects; and
- Our ability to comply with financial covenants in our Amended Credit Facility, which are calculated based upon Adjusted EBITDA.

We define EBITDA as net income (loss) plus the following adjustments:

- Interest expense;
- Income tax expense; and
- Depreciation, depletion and amortization.

We define Adjusted EBITDA as EBITDA plus the following adjustments:

- Asset impairments;
- Acquisition and related costs;
- Non-cash stock compensation;
- (Gains) losses on asset disposal;
- Cash proceeds received from monetization of derivative transactions;
- Premiums paid on swaption derivative contracts; and
- Other items.

We adjust Adjusted EBITDA for non-cash, non-recurring and other items for the sole purpose of evaluating our cash distribution for the quarterly period.

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The following reconciles our net income to EBITDA and Adjusted EBITDA for the periods indicated:

	Historical						
	Year Ended December 31,					Nine Months Ended September 30,	
	2008	2009	2010	2011	2012	2012	2013
	(amounts in thousands)						
EBITDA Calculation							
Net income (loss)	$ 131,687	$ (54,329)	$ 9,281	$ 19,899	$ (51,902)	$ (32,994)	$ (51,250)
Interest expense					4,195	2,529	22,145
Depreciation, depletion and amortization	39,781	43,712	40,758	30,869	52,582	33,848	85,061
EBITDA	171,468	(10,617)	50,039	50,768	4,875	3,383	55,956
Asset impairments[(a)]		156,359	50,669	6,995	9,507		
Acquisition and related costs					22,200	13,499	25,897
Non-cash stock compensation					10,833	7,861	10,208
Loss (gain) on asset disposal[(b)]			2,947	(87)	6,980	7,019	2,035
Chevron transaction expense[(c)]					7,670	7,670	
Adjustment to reflect cash impact of derivatives[(d)]					4,518	4,518	
Plus premiums paid on swaption derivative contacts[(e)]					5,001	5,001	14,617
Adjusted EBITDA	$ 171,468	$ 145,742	$ 103,655	$ 57,676	$ 71,584	$ 48,951	$ 108,713

(a) Asset impairments for the year ended December 31, 2012 consists of $9.5 million we recognized related to the carrying amount of Antrim and Niobrara Shale gas and oil properties, which we recognize in accordance with the successful efforts method of oil and gas accounting, being in excess of their estimated fair value at December 31, 2012. Our estimate of the fair value for the Antrim Niobrara Shale gas and oil properties was impacted by, among other factors, the deterioration of natural gas prices at the date of measurement. Please see further discussion of asset impairments for other historical financial statement periods in Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Other Costs and Expenses Asset Impairment in our Form 10-K for the year ended December 31, 2012.

(b) During the nine months ended September 30, 2013, we recognized $2.0 million of loss on asset disposal, pertaining to our decision not to drill wells on leasehold property in Indiana and Tennessee that expired. For the year ended December 31, 2012, this includes a loss on asset disposal related to management s decision to terminate a farm-out agreement with a third party for well drilling in the South Knox area of the New Albany Shale that was originally entered into in 2010. The farm-out agreement contained certain well drilling milestones which needed to be met in order for us to maintain ownership of the South Knox processing plant. During the year ended December 31, 2012, management decided not to continue progressing towards these milestones due to the current natural gas price environment. As a result, we forfeited our interest in the processing plant and recorded a loss related to the net book value of the assets during the year ended December 31, 2012.

(c) Includes a working capital adjustment recognized in September 2012 related to certain amounts included within the contractual cash transaction adjustment associated with the acquisition of certain natural gas and oil properties, the partnership management business, and other assets from AEI, the former owner of Atlas Energy s general partner, in February 2011. Under GAAP, purchase accounting for an acquisition can be adjusted for up to twelve months after consummation of the transaction - any adjustments after the twelve month window must be treated as income or expense in an enterprise s statement of operations. We excluded this item from Adjusted EBITDA and DCF for the purpose of evaluating DCF for the period to determine our quarterly cash distribution.

(d) Includes $4.5 million of net cash proceeds received during the year ended December 31, 2012 related to the rebalancing of our hedge portfolio for production periods during 2015 and 2016. These amounts were not recognized within our statement of operations for the year ended December 31, 2012, but will be recognized as income during the 2015 and 2016 production periods the original derivatives were scheduled to be settled. We included this item in our determination of Adjusted EBITDA, DCF and cash distributions for the period presented, and will exclude the amount from our determination of such amounts for the 2015 and 2016 periods.

(e) Swaption derivative contracts grant ARP the option to enter into a swap derivative transaction to hedge future production period sales prices for a stated option period, which generally have a duration of a few months and commences upon entering into the derivative contract, in return for an upfront premium. The amounts included within the reconciliation reflect the amortization of premiums ARP paid to enter into swaption derivative contracts for certain acquired volumes over the option period. Generally, ARP enters into swaption derivative contracts to hedge acquired volumes after the announcement of the signed definitive purchase and sale agreement to acquire the oil and gas properties, but before it closes on the transaction, as its senior secured revolving credit agreement does not allow it to hedge production volume until it owns such volumes. ARP excludes such costs in its determination of DCF, Adjusted EBITDA and cash distributions for the respective period as they are specific to the related transaction.

(2) Excludes the impact of subordination of our production revenue to investor partners within our investment partnerships for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013. Including the effect of this subordination, the average realized natural gas sales price were $5.78 per Mcf ($3.30 per Mcf before the effects of financial hedging), $4.28 per Mcf ($3.83 per Mcf before the effects of financial hedging), and $2.76 per Mcf ($2.08 per Mcf before the effects of financial hedging) for the years ended December 31, 2010, 2011 and 2012, respectively, and $2.88 per Mcf ($2.07 per Mcf before the effects of financial hedging) and $3.12 per Mcf ($2.92 per Mcf before the effects of financial hedging) for the nine months ended September 30, 2012 and 2013, respectively. Please see Risk Factors Risks Relating to Our Business.

(3) Excludes the effects of our proportionate share of lease operating expenses associated with subordination of our production revenue to investor partners within our Drilling Partnerships. Including the effects of these costs, total lease operating expenses per Mcfe were $0.86 per Mcfe ($1.56 per Mcfe for total production costs), $0.77 per Mcfe ($1.33 per Mcfe for total production costs), and $0.58 per Mcfe ($0.94 per Mcfe for total production costs) for the years ended December 31, 2010, 2011 and 2012, respectively, and $0.50 per Mcfe ($0.90 per Mcfe for total production costs) and $1.04 per Mcfe ($1.43 per Mcfe for total production costs) for the nine months ended September 30, 2012 and 2013, Please see Risk Factors Risks Relating to Our Business.

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USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer. In consideration for issuing the exchange notes as contemplated by this prospectus, we will receive in exchange new issue notes in a like principal amount. We will cancel new issue notes surrendered in exchange for the exchange notes in the exchange offer. Accordingly, the issuance of the exchange notes will not result in any change in our outstanding indebtedness.

RATIO OF EARNINGS TO FIXED CHARGES

The table below sets forth the ratios of earnings to fixed charges for us for the periods indicated.

	Nine months ended September 30, 2013	Years ended December 31, 2012	2011	2010	2009	2008
Ratio of earnings to fixed charges(1)	(5)	(2)	32.49x	20.68x	(4)	408.20x
Ratio of earnings to fixed charges and preferred dividends	(5)	(2)	(3)	(3)	(3)	(3)

(1) Ratio of earnings to fixed charges means the ratio of income from continuing operations before income taxes and cumulative effect of accounting change, net, and fixed charges to fixed charges, where fixed charges are the interest on indebtedness, amortization of debt expense and estimated interest factor for rentals.
(2) Our earnings were insufficient to cover our fixed charges by $54.0 million for this period.
(3) We did not have any preferred securities outstanding as of these periods.
(4) Our earnings were insufficient to cover our fixed charges by $54.3 million for this period.
(5) Our earnings were insufficient to cover our fixed charges by $25.2 million for this period.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of September 30, 2013.

You should read the following table in conjunction with our historical consolidated financial statements and related notes, Management s Discussion and Analysis of Financial Condition and Results of Operations and other financial information included elsewhere or incorporated by reference in this prospectus.

	As of September 30, 2013 (In thousands)
Cash and cash equivalents	$ 1,452
Total debt:	
Credit facility[1]	$ 425,000
Senior unsecured notes	523,279
Other	
Total debt	948,279
Partners capital:	
Common limited partners interests	929,474
Preferred limited partners interests	183,325
Class C preferred limited partner warrants	1,176
General partner s interests	5,716
Accumulated other comprehensive income	50,238
Total partners capital	1,169,929
Total capitalization	**$ 2,118,208**

(1) As of November 20, 2013, we had $520.0 million outstanding under our revolving credit facility, excluding outstanding letters of credit.

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EXCHANGE OFFER

We sold the new issue notes on January 23, 2013 pursuant to the purchase agreement dated as of January 16, 2013 by and among us and the initial purchasers named therein. The new issue notes were subsequently offered by the initial purchasers to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to non-U.S. persons pursuant to Regulation S under the Securities Act.

Purpose of the Exchange Offer

We sold the new issue notes in transactions that were exempt from or not subject to the registration requirements under the Securities Act. Accordingly, the new issue notes are subject to transfer restrictions. In general, you may not offer or sell the new issue notes unless either they are registered under the Securities Act or the offer or sale is exempt from or not subject to registration under the Securities Act and applicable state securities laws.

In connection with the sale of the new issue notes, we entered into a registration rights agreement with the initial purchasers of the new issue notes. We are offering the exchange notes under this prospectus in an exchange offer for the new issue notes to satisfy our obligations under the registration rights agreement. During the exchange offer period, we will exchange the exchange notes for all new issue notes properly surrendered and not withdrawn before the expiration date. We have registered the exchange notes; the transfer restrictions, registration rights and provisions for additional interest relating to the new issue notes will not apply to the exchange notes.

Resale of Exchange Notes

We have not requested, and do not intend to request, an interpretation by the staff of the SEC with respect to whether the exchange notes may be offered for sale, resold or otherwise transferred by any holder without compliance with the registration and prospectus delivery provisions of the Securities Act. Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, including *Exxon Capital Holdings Corp.* (available May 13, 1988), *Morgan Stanley & Co. Incorporated* (available June 5, 1991) and *Shearman & Sterling* (available July 2, 1993), we believe that exchange notes may be offered for resale, resold and otherwise transferred by you without further compliance with the registration and prospectus delivery provisions of the Securities Act if:

- you are not an affiliate of ours within the meaning of Rule 405 under the Securities Act;
- such exchange notes are acquired in the ordinary course of your business; and
- you do not intend to participate in a distribution of the exchange notes.

The SEC, however, has not considered the exchange offer for the exchange notes in the context of a no-action letter, and the SEC may not make a similar determination as in the no-action letters issued to these third parties.

If you tender in the exchange offer with the intention of participating in any manner in a distribution of the exchange notes, you

- cannot rely on such interpretations by the SEC staff; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Unless an exemption from registration is otherwise available, any securityholder intending to distribute exchange notes should be covered by an effective registration statement under the Securities Act. The registration

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statement should contain the selling securityholder s information required by Item 507 of Regulation S-K under the Securities Act.

This prospectus may be used for an offer to resell, resale or other transfer of exchange notes only as specifically described in this prospectus. If you are a broker-dealer, you may participate in the exchange offer only if you acquired the new issue notes as a result of market-making activities or other trading activities. Each broker-dealer that receives exchange notes for its own account in exchange for new issue notes, where such new issue notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge by way of the letter of transmittal that it will deliver this prospectus in connection with any resale of the exchange notes. Please read the section captioned Plan of Distribution for more details regarding the transfer of exchange notes.

Terms of the Exchange Offer

Subject to the terms and conditions described in this prospectus and in the accompanying letter of transmittal, we will accept for exchange any new issue notes properly tendered and not withdrawn before 5:00 p.m., New York City time, on the expiration date of the exchange offer. We will issue exchange notes in principal amount equal to the principal amount of new issue notes surrendered in the exchange offer. New issue notes may be tendered only for exchange notes and only in a minimum denomination of $2,000, and thereafter in integral multiples of $1,000.

The exchange offer is not conditioned upon any minimum aggregate principal amount of new issue notes being tendered in the exchange offer.

This prospectus is being sent to DTC, the sole registered holder of the new issue notes, and to all persons that we can identify as beneficial owners of the new issue notes. There will be no fixed record date for determining registered holders of new issue notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934 and the rules and regulations of the SEC. New issue notes whose holders do not tender for exchange in the exchange offer will remain outstanding and continue to accrue interest. These new issue notes will be entitled to the rights and benefits such holders have under the indenture relating to the new issue notes and the registration rights agreement.

We will be deemed to have accepted for exchange properly tendered new issue notes when we have given oral or written notice of the acceptance to the exchange agent and complied with the applicable provisions of the registration rights agreement. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us.

If you tender new issue notes in the exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the letter of transmittal, transfer taxes with respect to the exchange of new issue notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. Please read Fees and Expenses for more details regarding fees and expenses incurred in connection with the exchange offer.

We will return any new issue notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

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Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on   , 2013, which is the 21st business day after the commencement of the exchange offer, unless, in our sole discretion, we extend it.

Extensions, Delays in Acceptance, Termination or Amendment

We expressly reserve the right to delay acceptance of any new issue notes in accordance with Rule 14e-1(c), and extend or terminate this exchange offer and not accept any new issue notes that we have not previously accepted if any of the conditions described below under Conditions to the Exchange Offer have not been satisfied or waived by us. We will notify the exchange agent of any extension by oral notice promptly confirmed in writing or by written notice. We will also notify the holders of the new issue notes by a press release or other public announcement communicated before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date unless applicable laws require us to do otherwise, and we will disclose the number of new issue notes tendered as of the date of the notice.

We also expressly reserve the right to amend the terms of this exchange offer in any manner. If we make any material change, we will promptly disclose this change in a manner reasonably calculated to inform the holders of the new issue notes of the change, including providing public announcement or giving oral or written notice to these holders. A material change in the terms of this exchange offer could include a change in the timing of the exchange offer, a change in the exchange agent and other similar changes in the terms of this exchange offer. If we make any material change to this exchange offer, we will disclose this change by means of a post-effective amendment to the registration statement which includes this prospectus and will distribute an amended or supplemented prospectus to each registered holder of the new issue notes. In addition, we will extend this exchange offer for an additional five to ten business days as required by the Exchange Act, depending on the significance of the amendment, if the exchange offer would otherwise expire during that period. We will promptly notify the exchange agent by oral notice, promptly confirmed in writing, or written notice of any delay in acceptance, extension, termination or amendment of this exchange offer.

Conditions to the Exchange Offer

We will complete this exchange offer only if:

(1) there is no change in the laws and regulations which would reasonably be expected to impair our ability to proceed with this exchange offer;

(2) there is no change in the current interpretation of the staff of the SEC which permits resales of the exchange notes;

(3) there is no stop order issued by the SEC or any state securities authority suspending the effectiveness of the registration statement which includes this prospectus or the qualification of the indenture for our exchange notes under the Trust Indenture Act of 1939 and there are no proceedings initiated or, to our knowledge, threatened for that purpose;

(4) there is no action or proceeding instituted or threatened in any court or before any governmental agency or body that would reasonably be expected to prohibit, prevent or otherwise impair our ability to proceed with this exchange offer; and

(5) we obtain all governmental approvals that we deem in our sole discretion necessary to complete this exchange offer.

These conditions are for our sole benefit. We may assert any one of these conditions regardless of the circumstances giving rise to it and may also waive any one of them, in whole or in part, at any time and from

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time to time, if we determine in our reasonable discretion that it has not been satisfied, subject to applicable law. Notwithstanding the foregoing, all conditions to the exchange offer must be satisfied or waived before the expiration of this exchange offer. If we waive a condition to this exchange offer, the waiver will be applied equally to all note holders. We will not be deemed to have waived our rights to assert or waive these conditions if we fail at any time to exercise any of them. Each of these rights will be deemed an ongoing right which we may assert at any time and from time to time.

If we determine that we may terminate this exchange offer because any of these conditions is not satisfied, we may:

(1) refuse to accept and return to their holders any new issue notes that have been tendered;

(2) extend the exchange offer and retain all notes tendered before the expiration date, subject to the rights of the holders of these notes to withdraw their tenders; or

(3) waive any condition that has not been satisfied and accept all properly tendered notes that have not been withdrawn or otherwise amend the terms of this exchange offer in any respect as provided under the section in this prospectus entitled Extensions, Delays in Acceptance, Termination or Amendment.

Procedures for Tendering

To participate in the exchange offer, you must properly tender your new issue notes to the exchange agent as described below. We will only issue exchange notes in exchange for new issue notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the new issue notes, and you should follow carefully the instructions on how to tender your new issue notes. It is your responsibility to properly tender your new issue notes. We have the right to waive any defects. However, we are not required to waive defects, and neither we, nor the exchange agent is required to notify you of defects in your tender.

If you have any questions or need help in exchanging your new issue notes, please call the exchange agent whose address and phone number are described in the letter of transmittal.

We issued all of the new issue notes in book-entry form, and all of the new issue notes are currently represented by global certificates registered in the name of Cede & Co., the nominee of DTC. We have confirmed with DTC that the new issue notes may be tendered using ATOP. The exchange agent will establish an account with DTC for purposes of the exchange offer promptly after the commencement of the exchange offer, and DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer their new issue notes to the exchange agent using the ATOP procedures. In connection with the transfer, DTC will send an agent s message to the exchange agent. The agent s message will state that DTC has received instructions from the participant to tender new issue notes and that the participant agrees to be bound by the terms of the letter of transmittal.

By using the ATOP procedures to exchange new issue notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it.

Guaranteed delivery. There is no procedure for guaranteed late delivery of the new issue notes.

Determinations under the exchange offer. We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered new issue notes and withdrawal of tendered new issue notes. Our determination will be final and binding. We reserve the absolute right to reject any new issue notes not properly tendered or any new issue notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defect, irregularities or conditions of tender as to particular new issue notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of new issue notes must be cured within such time as we shall determine.

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Although we intend to notify holders of defects or irregularities with respect to tenders of new issue notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of new issue notes will not be deemed made until such defects or irregularities have been cured or waived. Any new issue notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder as soon as practicable following the expiration date of the exchange.

When we will issue exchange notes. In all cases, we will issue exchange notes for new issue notes that we have accepted for exchange under the exchange offer only after the exchange agent receives, before 5:00 p.m., New York City time, on the expiration date,

- a book-entry confirmation of such new issue notes into the exchange agent s account at DTC; and
- a properly transmitted agent s message.

Return of new issue notes not accepted or exchanged. If we do not accept any tendered new issue notes for exchange or if new issue notes are submitted for a greater principal amount than the holder desires to exchange, we will return the unaccepted or non-exchanged new issue notes without charge to their tendering holder. Such non-exchanged new issue notes will be credited to an account maintained with DTC. These actions will occur as promptly as practicable after the expiration or termination of the exchange offer.

Your representations to us. By agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any exchange notes that you receive will be acquired in the ordinary course of your business;
- you have no arrangement or understanding with any person or entity to participate in the distribution of the exchange notes;
- you are not engaged in and do not intend to engage in the distribution of the exchange notes;
- if you are a broker-dealer that will receive exchange notes for your own account in exchange for new issue notes, you acquired those new issue notes as a result of market-making activities or other trading activities and you will deliver this prospectus, as required by law, in connection with any resale of the exchange notes; and
- you are not an affiliate, as defined in Rule 405 under the Securities Act, of ours.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw your tender at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer. For a withdrawal to be effective you must comply with the appropriate ATOP procedures. Any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn new issue notes and otherwise comply with the ATOP procedures.

We will determine all questions as to the validity, form, eligibility and time of receipt of a notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any new issue notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any new issue notes that have been tendered for exchange but that are not exchanged for any reason will be credited to an account maintained with DTC for the new issue notes. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender, expiration or termination of the exchange offer. You may retender properly withdrawn new issue notes by following the procedures described under Procedures for Tendering above at any time on or before the expiration date of the exchange offer.

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Fees and Expenses

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, we may make additional solicitation by telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer. They include:

- SEC registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of new issue notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if a transfer tax is imposed for any reason other than the exchange of new issue notes under the exchange offer.

Consequences of Failure to Exchange

If you do not exchange your new issue notes for exchange notes under the exchange offer, the new issue notes you hold will continue to be subject to the existing restrictions on transfer. In general, you may not offer or sell the new issue notes except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not intend to register new issue notes under the Securities Act unless the registration rights agreement requires us to do so.

Accounting Treatment

We will record the exchange notes in our accounting records at the same carrying value as the new issue notes. This carrying value is the aggregate principal amount of the new issue notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

Other

Participation in the exchange offer is voluntary, and you should consider carefully whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered new issue notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any new issue notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered new issue notes.

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DESCRIPTION OF OTHER INDEBTEDNESS

Revolving credit facility

On July 31, 2013, in connection with the EP Energy Acquisition, we entered into a second amended and restated credit agreement, or the Credit Agreement, with Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto, which amended and restated our existing revolving credit facility. The Credit Agreement provides for a senior secured revolving credit facility with a syndicate of banks with a current borrowing base of $835.0 million and a maximum facility amount of $1.5 billion, which is scheduled to mature in July 2018. At September 30, 2013, $425.0 million was outstanding under the credit facility. Up to $20.0 million of the revolving credit facility may be in the form of standby letters of credit, of which $2.1 million was outstanding at September 30, 2013. Our obligations under the facility are secured by mortgages on our oil and gas properties and first priority security interests in substantially all of our assets. Additionally, obligations under the facility are guaranteed by certain of our material subsidiaries.

Borrowings under the credit facility bear interest, at our election, at either LIBOR plus an applicable margin between 1.75% and 2.75% per annum or the base rate (which is the higher of the bank s prime rate, the Federal funds rate plus 0.5% or one-month LIBOR plus 1.00%) plus an applicable margin between 0.75% and 1.75% per annum. We are also required to pay a fee on the unused portion of the borrowing base at a rate of 0.5% per annum if 50% or more of the borrowing base is utilized and 0.375% per annum if less than 50% of the borrowing base is utilized, which is included within interest expense on our consolidated statements of operations. At September 30, 2013, the weighted average interest rate on outstanding borrowings under the credit facility was 2.2%. The applicable margins used in determining our interest rate vary based on the utilization of the facility as follows:

Borrowing Base Utilization Percentage	Eurodollar Loans	ABR Loans	Commitment Fee Rate
³ 90%	2.75%	1.75%	0.500%
³ 75% and < 90%	2.25%	1.25%	0.500%
³ 50% and < 75%	2.00%	1.00%	0.500%
< 50%	1.75%	0.75%	0.375%

The Credit Agreement contains customary covenants that limit our ability to incur additional indebtedness, grant liens, make loans or investments, make distributions if a borrowing base deficiency or default exists or would result from the distribution, merger or consolidation with other persons, or engage in certain asset dispositions including a sale of all or substantially all of our assets. We were in compliance with these covenants as of September 30, 2013. The Credit Agreement also requires that we maintain a ratio of Total Funded Debt (as defined in the Credit Agreement) to four quarters (actual or annualized, as applicable) of EBITDA (as defined in the Credit Agreement) not greater than 4.50 to 1.0 as of the last day of the quarter ended September 30, 2013, 4.25 to 1.0 as of the last day of the quarters ended December 31, 2013 and March 31, 2014 and 4.0 to 1.0 as of the last day of fiscal quarters ending thereafter and a ratio of current assets (as defined in the Credit Agreement) to current liabilities (as defined in the Credit Agreement) of not less than 1.0 to 1.0 as of the last day of any fiscal quarter. Based on the definitions contained in the Credit Agreement, at September 30, 2013, our ratio of current assets to current liabilities was 2.7 to 1.0, and our ratio of Total Funded Debt to EBITDA was 4.2 to 1.0.

Senior Notes

On July 30, 2013, we issued $250.0 million of our 9.25% Senior Notes in a private placement transaction at an offering price of 99.297% of par value, yielding net proceeds of approximately $242.8 million, net of underwriting fees and other offering costs of $5.5 million. The net proceeds were used to partially fund the EP Energy Acquisition (See Summary Recent Developments). The 9.25% Senior Notes were presented net of a $1.7 million unamortized discount as of September 30, 2013. Interest on the 9.25% Senior Notes accrued from July 30, 2013, and is payable semi-annually on February 15 and August 15, with the first interest payment date

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being February 15, 2014. At any time on or after August 15, 2017, we may redeem some or all of the 9.25% Senior Notes at a redemption price of 104.625%. On or after August 15, 2018, we may redeem some or all of the 9.25% Senior Notes at the redemption price of 102.313% and on or after August 15, 2019, we may redeem some or all of the 9.25% Senior Notes at the redemption price of 100.0%. In addition, at any time prior to August 15, 2016, we may redeem up to 35% of the 9.25% Senior Notes with the proceeds received from certain equity offerings at a redemption price of 109.250%. Under certain conditions, including if we sell certain assets and do not reinvest the proceeds or repay senior indebtedness or if we experience specific kinds of changes of control, we must offer to repurchase the 9.25% Senior Notes.

In connection with the issuance of the 9.25% Senior Notes, we entered into a registration rights agreement, whereby we agreed to (a) file an exchange offer registration statement with the SEC to exchange the privately issued notes for registered notes, and (b) cause the exchange offer to be consummated by July 30, 2014. Under certain circumstances, in lieu of, or in addition to, a registered exchange offer, we have agreed to file a shelf registration statement with respect to the 9.25% Senior Notes. If we fail to comply with our obligations to register the 9.25% Senior Notes within the specified time periods, the 9.25% Senior Notes will be subject to additional interest, up to 1% per annum, until such time that the exchange offer is consummated or the shelf registration statement is declared effective, as applicable.

The 9.25% Senior Notes are guaranteed by certain of our material subsidiaries. As of September 30, 2013, we were a holding company and had no independent assets or operations of our own. The guarantees under the 9.25% Senior Notes are full and unconditional and joint and several, and any of our subsidiaries, other than the subsidiary guarantors, are minor. There are no restrictions on our ability to obtain cash or any other distributions of funds from the guarantor subsidiaries.

The indenture governing the 9.25% Senior Notes contains covenants, including limitations of our ability to incur certain liens, incur additional indebtedness; declare or pay distributions if an event of default has occurred; redeem, repurchase, or retire equity interests or subordinated indebtedness; make certain investments; or merge, consolidate or sell substantially all of our assets. We were in compliance with these covenants as of September 30, 2013.

Secured hedging facility

We have a secured hedge facility agreement with a syndicate of banks under which certain of our investment partnerships have the ability to enter into derivative contracts to manage their exposure to commodity price movements. Under our revolving credit facility, we are required to utilize this secured hedge facility for future commodity risk management activity for our equity production volumes within the investment partnerships. We, as general partner of the investment partnerships, will administer the commodity price risk management activity for the participating investment partnerships under the secured hedging facility. Before executing any hedge transaction, a participating investment partnership is required to, among other things, provide mortgages on its oil and gas properties and first priority security interests in substantially all of its assets to the collateral agent for the benefit of the counterparty. The secured hedging facility agreement contains covenants that limit each of the participating investment partnerships ability to incur indebtedness, grant liens, make loans or investments, make distributions if a default under the secured hedge facility agreement exists or would result from the distribution, merge into or consolidate with other persons, enter into commodity or interest rate swap agreements that do not conform to specified terms or that exceed specified amounts, or engage in certain asset dispositions including a sale of all or substantially all of its assets.

In addition, it will be an event of default under our credit facility if we, as general partner of the investment partnerships, breach an obligation governed by the secured hedging facility and the effect of such breach is to cause amounts owing under swap agreements governed by the secured hedging facility to become immediately due and payable.

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DESCRIPTION OF THE EXCHANGE NOTES

You will find the definitions of capitalized terms used in this description of notes under the heading Certain definitions. For purposes of this description, references to ARP refer only to Atlas Resource Partners, L.P. and not to any of its subsidiaries, the Company, we, our and us ref only to Atlas Energy Holdings Operating Company, LLC and not to any of its subsidiaries and the Issuers refers to the Company and Atlas Resource Finance Corporation and not to any of their respective subsidiaries.

The Issuers issued the Notes under the Indenture. The terms of the Notes include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). The Indenture is unlimited in aggregate principal amount, although the issuance of Notes in this offering will be limited to $275.0 million. We may issue an unlimited principal amount of additional notes having identical terms and conditions as the Notes (the Additional Notes). We will only be permitted to issue such Additional Notes in compliance with the covenant described under the subheading Certain covenants Limitation on Indebtedness and Preferred Stock. Any Additional Notes will be part of the same issue as the Notes that we are currently offering and will vote on all matters with the holders of the Notes. Unless the context otherwise requires, for all purposes of the Indenture and this description of notes, references to the Notes include any Additional Notes actually issued.

This description of notes is intended to be a useful overview of the material provisions of the Notes and the Indenture. Since this description of notes is only a summary, you should refer to the Indenture for a complete description of the obligations of the Issuers and your rights.

General

The Notes. The Notes:

- are general unsecured, senior obligations of the Issuers;
- mature on January 15, 2021;
- are issued in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000;
- are represented by one or more registered Notes in global form, but in certain circumstances may be represented by Notes in definitive form, see Book-entry, delivery and form ;
- rank senior in right of payment to all existing and future Subordinated Obligations of each of the Issuers;
- rank equally in right of payment with all existing and future senior Indebtedness of each of the Issuers, without giving effect to collateral arrangements;
- are initially unconditionally guaranteed on a senior basis by ARP and ARP Barnett, LLC, Atlas Energy Indiana, LLC, Atlas Energy Colorado, LLC, Atlas Energy Holdings Operating Company LLC, Atlas Energy Ohio, LLC, Atlas Energy Tennessee, LLC, Atlas Noble, LLC, Atlas Resources, LLC, REI-NY, LLC, Resource Energy, LLC, Resource Well Services, LLC, Viking Resources, LLC, Atlas Barnett, LLC, ARP Barnett Pipeline, LLC, ARP Oklahoma, LLC and ARP Production Company, LLC representing each subsidiary of ARP that currently is a guarantor of the Senior Secured Credit Agreement, see Guarantees ; and

effectively rank junior to any existing or future secured Indebtedness of each of the Issuers, including amounts that may be borrowed under our Senior Secured Credit Agreement, to the extent of the value of the collateral securing such Indebtedness.

Interest. Interest on the Notes compounds semi-annually and:

accrues at the rate of 7.75% per annum;

accrues from the Issue Date or, if interest has already been paid, from the most recent interest payment date;

is payable in cash semi-annually in arrears on January 15 and July 15, commencing on July 15, 2013;

is payable to the holders of record on the January 1 and July 1 immediately preceding the related interest payment dates; and

is computed on the basis of a 360-day year comprised of twelve 30-day months.

If an interest payment date falls on a day that is not a Business Day, the interest payment to be made on such interest payment date will be made on the next succeeding Business Day with the same force and effect as if made on such interest payment date, and no additional interest will accrue as a result of such delayed payment. Additional Interest may accrue on the Notes in certain circumstances if we do not consummate the exchange offer, as provided in the Registration Rights Agreement. References herein to interest shall be deemed to include any such Additional Interest.

Payments on the notes; paying agent and registrar

We will pay principal of, premium, if any, and interest on the Notes at the office or agency designated by the Issuers in the City and State of New York, except that we may, at our option, pay interest on the Notes by check mailed to holders of the Notes at their registered addresses as they appear in the registrar s books. We have initially designated the corporate trust office of the Trustee in New York, New York to act as our paying agent and registrar. We may, however, change the paying agent or registrar without prior notice to the holders of the Notes, and either of the Issuers or any of their respective Restricted Subsidiaries may act as paying agent or registrar.

We will pay principal of, premium, if any, and interest on, Notes in global form registered in the name of or held by The Depository Trust Company or its nominee in immediately available funds to The Depository Trust Company or its nominee, as the case may be, as the registered holder of such global Note.

Transfer and exchange

A holder may transfer or exchange Notes in accordance with the Indenture. The registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. No service charge will be imposed by the Issuers, the Trustee or the registrar for any registration of transfer or exchange of Notes, but the Issuers may require a holder to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by the Indenture. The Issuers are not required to transfer or exchange any Note selected for redemption. Also, the Issuers are not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered holder of a Note will be treated as the owner of it for all purposes.

Optional redemption

On and after January 15, 2017, we may redeem all or, from time to time, a part of the Notes upon not less than 30 nor more than 60 days notice, at the following redemption prices (expressed as a percentage of principal amount of the Notes) plus accrued and unpaid interest on the Notes, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve- month period beginning on January 15 of the years indicated below:

Year	Percentage
2017	103.875%
2018	101.938%
2019 and thereafter	100.000%

Prior to January 15, 2016, we may, at our option, on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes (including Additional Notes) issued under the Indenture with the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 107.750% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that

(1) at least 65% of the original principal amount of the Notes issued on the Issue Date remains outstanding after each such redemption; and

(2) the redemption occurs within 90 days after the closing of the related Equity

Offering. In addition, the Notes may be redeemed, in whole or in part, at any time prior to January 15, 2017 at the option of the Issuers upon not less than 30 nor more than 60 days prior notice mailed by first-class mail to each holder of Notes at its registered address, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Applicable Premium means, with respect to any Note on any applicable redemption date, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of:

(a) the present value at such redemption date of (i) the redemption price of such Note at January 15, 2017 (such redemption price being set forth in the table appearing above under the caption Optional redemption) plus (ii) all required interest payments (excluding accrued and unpaid interest to such redemption date) due on such Note through January 15, 2017, computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of such Note.

Treasury Rate means, as of any redemption date, the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to January 15, 2017; *provided*, *however*, that if the period from the redemption date to January 15, 2017 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2017 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Selection and notice

If the Issuers are redeeming less than all of the outstanding Notes, the Trustee will select the Notes for redemption in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not listed, then on a pro rata basis, by lot or in accordance with the procedures of DTC, although no Note of $2,000 in original principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the partially redeemed Note.

On and after the redemption date, interest will cease to accrue on Notes or the portion of them called for redemption unless we default in the payment thereof.

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Mandatory redemption; offers to purchase; open market purchases

We are not required to make mandatory redemption payments or sinking fund payments with respect to the Notes. However, under certain circumstances, we may be required to offer to purchase Notes as described under the captions Change of control and Certain covenants Limitation on sales of assets and Subsidiary stock.

We may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture. However, other existing or future agreements of ARP or its Subsidiaries may limit the ability of ARP, the Issuers or their respective Subsidiaries to purchase Notes prior to maturity.

Ranking

The Notes are general unsecured obligations of the Issuers that rank senior in right of payment to all existing and future Indebtedness that is expressly subordinated in right of payment to the Notes. The Notes rank equally in right of payment with all existing and future liabilities of each of the Issuers that are not so subordinated, and will be effectively subordinated to all of our secured Indebtedness, including Indebtedness Incurred under the Senior Secured Credit Agreement (to the extent of the value of the collateral securing such Indebtedness) and liabilities of any of our Subsidiaries that do not guarantee the Notes. In the event of bankruptcy, liquidation, reorganization or other winding up of the Issuers or the Guarantors or upon a default in payment with respect to, or the acceleration of, any Indebtedness under the Senior Secured Credit Agreement or other secured Indebtedness, the assets of the Issuers and the Guarantors that secure secured Indebtedness will be available to pay obligations on the Notes and the Guarantees only after all Indebtedness under such Credit Facility and other secured Indebtedness has been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all the Notes and the Guarantees then outstanding.

As of September 30, 2013,we and the Guarantors had approximately $948.3 million of total Indebtedness, including $425.0 million outstanding under our senior secured revolving credit facility and $275.0 million outstanding of our 7.75% Senior Notes, and had borrowing capacity under our revolving credit facility of $410.0 million, excluding $2.1 million in outstanding letters of credit.

Guarantees

The Guarantors, as primary obligors and not merely as sureties, jointly and severally, fully and unconditionally guarantee on a senior unsecured basis our obligations under the Notes and all obligations under the Indenture. The obligations of Guarantors under the Guarantees rank equally in right of payment with other Indebtedness of such Guarantor, except to the extent such other Indebtedness is expressly subordinate to the obligations arising under the Guarantee.

As of September 30, 2013, outstanding Indebtedness of the Guarantors was $948.3 million, of which $410.0 million was secured.

Although the Indenture limits the amount of Indebtedness that Restricted Subsidiaries may incur, such Indebtedness may be substantial and such limitation is subject to a number of significant qualifications. Moreover, the Indenture does not impose any limitation on the Incurrence by such Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See Certain covenants Limitation on Indebtedness and Preferred Stock.

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The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee are limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law, although no assurance can be given that a court would give the holder the benefit of such provision. See Risk factors Risks relating to the notes Federal and state fraudulent transfer laws may permit a court to void the notes and the guarantees, and if that occurs, you may not receive any payments on the notes. If a Subsidiary Guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor s liability on its Subsidiary Guarantee could be reduced to zero.

If the obligations of a Subsidiary Guarantor under its Subsidiary Guarantee were avoided, holders of Notes would have to look to the assets of any remaining Subsidiary Guarantors for payment. There can be no assurance in that event that such assets would suffice to pay the outstanding principal and interest on the Notes.

In the event a Subsidiary Guarantor is sold or disposed of (whether by merger, consolidation, the sale of its Capital Stock or the sale of all or substantially all of its assets (other than by lease)) and whether or not the Subsidiary Guarantor is the surviving corporation in such transaction to a Person which is not ARP or a Restricted Subsidiary, such Subsidiary Guarantor will be released from its obligations under its Subsidiary Guarantee if the sale or other disposition does not violate the covenants described under Certain covenants Limitation on sales of assets and Subsidiary stock.

In addition, a Subsidiary Guarantor will be released from its obligations under the Indenture, its Subsidiary Guarantee upon the release or discharge of the Subsidiary Guarantee that resulted in the creation of such Guarantee pursuant to the covenant described under Future Guarantors, except a release or discharge by or as a result of payment under such Guarantee if the Issuers designate such Subsidiary as an Unrestricted Subsidiary and such designation complies with the other applicable provisions of the Indenture or in connection with any legal defeasance or satisfaction and discharge of the Notes as provided below under the captions Defeasance and Satisfaction and discharge.

Change of Control

If a Change of Control occurs, unless the Issuers have previously or concurrently exercised their right to redeem all of the Notes as described under Optional redemption, each holder will have the right to require the Issuers to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess of $2,000) of such holder s Notes at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control, unless we have previously or concurrently exercised our right to redeem all of the Notes as described under Optional redemption, we will mail a notice (the Change of Control Offer) to each holder, with a copy to the Trustee, stating:

(1) that a Change of Control has occurred and that such holder has the right to require us to purchase such holder s Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date) (the Change of Control Payment);

(2) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the Change of Control Payment Date);

(3) that any Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that unless we default in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled Option of Holder to Elect Purchase on the reverse of such Notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that holders will be entitled to withdraw their tendered Notes and their election to require us to purchase such Notes; *provided* that the paying agent receives, not later than the close of business on the 30th day following the date of the Change of Control notice, a telegram, telex, facsimile transmission or letter setting forth the name of the holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such holder is withdrawing its tendered Notes and its election to have such Notes purchased;

(7) that if we are repurchasing less than all of the Notes, the holders of the remaining Notes will be issued new Notes and such new Notes will be equal in principal amount to the unpurchased portion of the Notes surrendered. The unpurchased portion of the Notes must be equal to a minimum principal amount of $2,000 and an integral multiple of $1,000 in excess of $2,000; and

(8) the procedures determined by us, consistent with the Indenture, that a holder must follow in order to have its Notes repurchased.

On the Change of Control Payment Date, the Issuers will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes (in a minimum principal amount of $2,000 and integral multiples of $1,000 in excess of $2,000) properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered and not properly withdrawn; and

(3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuers.

The paying agent will promptly mail to each holder of Notes properly tendered and not properly withdrawn the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a minimum principal amount of $2,000 or an integral multiple of $1,000 in excess of $2,000.

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no further interest will be payable to holders who tender pursuant to the Change of Control Offer.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders to require that the Issuers repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

We will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by us and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon the occurrence of a Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

We will comply, to the extent applicable, with the requirements of Rule 14e-1 of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes as a result of a Change of Control.

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To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, or compliance with the Change of Control provisions of the Indenture would constitute a violation of any such laws or regulations, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations described in the Indenture by virtue of our compliance with such securities laws or regulations.

Our ability to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute a default under the Senior Secured Credit Agreement. In addition, certain events that may constitute a change of control under the Senior Secured Credit Agreement and cause a default under that agreement will not constitute a Change of Control under the Indenture. Future Indebtedness of ARP and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Issuers to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuers. Finally, the Issuers ability to pay cash to the holders upon a repurchase may be limited by the Issuers then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

Even if sufficient funds were otherwise available, the terms of the Senior Secured Credit Agreement will, and other and/or future Indebtedness may, prohibit the Issuers prepayment or repurchase of Notes before their scheduled maturity. Consequently, if the Issuers are not able to prepay the Indebtedness under the Senior Secured Credit Agreement and any such other Indebtedness containing similar restrictions or obtain requisite consents, the Issuers will be unable to fulfill their repurchase obligations if holders of Notes exercise their repurchase rights following a Change of Control, resulting in a default under the Indenture. A default under the Indenture may result in a cross-default under the Senior Secured Credit Agreement.

The Change of Control provisions described above may deter certain mergers, tender offers and other takeover attempts involving ARP. The Change of Control purchase feature is a result of negotiations between the initial purchasers and us. As of the Issue Date, we have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under Certain covenants Limitation on Indebtedness and Preferred Stock and Certain covenants Limitation on Liens. Such restrictions in the Indenture can be waived only with the consent of the holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

The definition of Change of Control includes a disposition of all or substantially all of the property and assets of ARP and the Restricted Subsidiaries taken as a whole to any Person. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of all or substantially all of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a holder of Notes may require the Issuers to make an offer to repurchase the Notes as described above. In a recent decision, the Chancery Court of Delaware raised the possibility that a change of control as a result of a failure to have continuing directors comprising a majority of the Board of Directors may be unenforceable on public policy grounds.

The provisions under the Indenture relative to our obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified or terminated with the written consent of the holders of

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a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes) prior to the occurrence of such Change of Control.

Certain covenants

Limitation on Indebtedness and Preferred Stock

ARP will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) and ARP will not permit any of the Restricted Subsidiaries to issue Preferred Stock; *provided*, *however*, that ARP, the Company and any of the Subsidiary Guarantors may Incur Indebtedness and issue Preferred Stock if on the date thereof:

(1) the Consolidated Coverage Ratio for ARP and the Restricted Subsidiaries is at least 2.25 to 1.00, determined on a pro forma basis (including a pro forma application of proceeds); and

(2) no Default will have occurred or be continuing or would occur as a consequence of Incurring the Indebtedness or transactions relating to such Incurrence.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness or issuance of the following Preferred Stock, as the case may be:

(1) Indebtedness of ARP Incurred pursuant to one or more Credit Facilities in an aggregate amount not to exceed the greater of (a) $500.0 million less the aggregate amount of all permanent principal repayments since the Issue Date under a Credit Facility that are made under clause 3(a) of the first paragraph of the covenant described under Certain covenants Limitation on sales of assets and Subsidiary stock, or (b) the sum of (x) $350.0 million less the aggregate amount of all permanent principal repayments since the Issue Date under a Credit Facility that are made under clause 3(a) of the first paragraph of the covenant described under Certain covenants Limitation on sales of assets and Subsidiary stock, plus (y) 35.0% of Adjusted Consolidated Net Tangible Assets determined as of the date of the Incurrence of such Indebtedness after giving effect to the application of the proceeds therefrom, in each case outstanding at any one time;

(2) Guarantees by ARP, the Company or Subsidiary Guarantors of Indebtedness of ARP, the Company or a Subsidiary Guarantor, as the case may be, Incurred in accordance with the provisions of the Indenture; *provided* that in the event such Indebtedness that is being Guaranteed is a Subordinated Obligation or a Guarantor Subordinated Obligation, then the related Guarantee shall be subordinated in right of payment to the Notes or the Guarantee to at least the same extent as the Indebtedness being Guaranteed, as the case may be;

(3) Indebtedness of ARP owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by ARP or any Restricted Subsidiary; *provided*, *however*, that (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being held by a Person other than ARP or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person other than ARP or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by ARP or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes issued on the Issue Date and any notes to be issued in exchange for the Notes pursuant to the Registration Rights Agreement, (b) any Indebtedness (other than the Indebtedness described in clauses (1) and, (2)) outstanding on the Issue Date, and (c) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) or Incurred pursuant to the first paragraph of this covenant;

(5) Indebtedness of a Person that becomes a Restricted Subsidiary or is acquired by ARP or a Restricted Subsidiary or merged into ARP or a Restricted Subsidiary in accordance with the Indenture and outstanding on the date on which such Person became a Restricted Subsidiary or was acquired by or was

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merged into ARP or such Restricted Subsidiary (other than Indebtedness Incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by or was merged into ARP or a Restricted Subsidiary or (b) otherwise in connection with, or in contemplation of, such acquisition); *provided*, *however*, that at the time such Person becomes a Restricted Subsidiary or is acquired by or was merged into ARP or a Restricted Subsidiary, ARP would have been able to Incur $1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5);

(6) the Incurrence by ARP or any Restricted Subsidiary of Indebtedness represented by Capitalized Lease Obligations, mortgage financings or purchase money obligations, in each case Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvements or carrying costs of property used in the business of ARP or such Restricted Subsidiary, and Refinancing Indebtedness Incurred to Refinance any Indebtedness Incurred pursuant to this clause (6) in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (6) and then outstanding, will not at any time outstanding exceed the greater of (a) $25.0 million and (b) 3.0% of Adjusted Consolidated Net Tangible Assets determined as of the date of such incurrence;

(7) the Incurrence by ARP or any of its Restricted Subsidiaries of Indebtedness in respect of workers compensation claims, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations, reclamation, statutory obligations, bankers acceptances and bid, performance, surety and appeal bonds or other similar obligations incurred in the ordinary course of business, including guarantees and obligations respecting standby letters of credit supporting such obligations, to the extent not drawn (in each case other than an obligation for money borrowed);

(8) Capital Stock (other than Disqualified Stock) of ARP, the Company or any of the Subsidiary Guarantors;

(9) the incurrence by ARP or any of its Restricted Subsidiaries of liability in respect of the Indebtedness of any Unrestricted Subsidiary or any Joint Venture but only to the extent that such liability is the result of ARP s or any such Restricted Subsidiary s being a general partner or member of, or owner of an Equity Interest in, such Unrestricted Subsidiary or Joint Venture and not as guarantor of such Indebtedness and provided that, after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (9) and then outstanding does not exceed $25.0 million;

(10) Indebtedness owed to Parent not to exceed $50.0 million in the aggregate, *provided* that all such Indebtedness shall be unsecured and subordinated to the Notes;

(11) the incurrence by ARP or any of its Restricted Subsidiaries of Indebtedness in respect of self-insurance obligations or bid, plugging and abandonment, appeal, reimbursement, performance, surety and similar bonds and completion guarantees issued or provided for the account of ARP and any of its Restricted Subsidiaries in the ordinary course of business, including guarantees and obligations of ARP or any of its Restricted Subsidiaries with respect to letters of credit supporting such obligations (in each case other than an obligation for money borrowed);

(12) the issuance by any of the Restricted Subsidiaries to ARP or to any of its Restricted Subsidiaries of any Preferred Stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock being held by a Person other than ARP or a Restricted Subsidiary; and

(b) any sale or other transfer of any such Preferred Stock to a Person that is neither ARP nor a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such Preferred Stock by such Restricted Subsidiary that was not permitted by this clause (12); and

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(13) in addition to the items referred to in clauses (1) through (12) above, Indebtedness of ARP, the Company and its Subsidiary Guarantors in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed the greater of (a) $50.0 million and (b) 5.0% of Adjusted Consolidated Net Tangible Assets determined as of the date of such incurrence.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event an item of that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuers, in their sole discretion, will classify such item of Indebtedness on the date of Incurrence and, subject to clause (2) below may later reclassify such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of such clauses;

(2) all Indebtedness outstanding on the date of the Indenture under the Senior Secured Credit Agreement shall be deemed Incurred on the Issue Date under clause (1) of the second paragraph of this covenant;

(3) Guarantees of, or obligations in respect of letters of credit supporting, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit are Incurred pursuant to a Credit Facility and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of ARP or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary that is not an Issuer or a Subsidiary Guarantor, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the amortization of debt discount or the accretion of accreted value, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock and unrealized losses or charges in respect of Hedging Obligations (including those resulting from the application of ASC 815) will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this Limitation on Indebtedness and Preferred Stock covenant, the Issuers shall be in Default of this covenant).

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency,

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and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuers may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to secured Indebtedness merely because it is unsecured or (2) senior Indebtedness as subordinated or junior to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Limitation on Restricted Payments

ARP will not, and will not permit any of the Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any payment or distribution on or in respect of ARP s Capital Stock (including any payment or distribution in connection with any merger or consolidation involving ARP or any of the Restricted Subsidiaries) except:

(a) dividends or distributions by ARP payable solely in Capital Stock of ARP (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of ARP; and

(b) dividends or distributions payable to ARP or a Restricted Subsidiary and if such Restricted Subsidiary is not a Wholly-Owned Subsidiary, to minority stockholders (or owners of an equivalent interest in the case of a Subsidiary that is an entity other than a corporation) so long as ARP or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution;

(2) purchase, redeem, defease, retire or otherwise acquire for value any Capital Stock of ARP or any direct or indirect parent of ARP held by Persons other than ARP or a Restricted Subsidiary (other than in exchange for Capital Stock of ARP (other than Disqualified Stock);

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations or Guarantor Subordinated Obligations (other than (x) Indebtedness permitted under clause (3) of the second paragraph of the covenant Limitation on indebtedness and Preferred Stock or (y) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations or Guarantor Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement); or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) shall be referred to herein as a Restricted Payment). Notwithstanding the foregoing, ARP or a Restricted Subsidiary may make a Restricted Payment if at the time of such Restricted Payment:

(a) no Default shall have occurred and be continuing (or would result therefrom); and either

(b) (1) if the Consolidated Coverage Ratio for ARP and the Restricted Subsidiaries on the last day of the immediately preceding fiscal quarter is at least 2.25 to 1.0, the aggregate amount of such Restricted

Payment and all other Restricted Payments declared or made during the fiscal quarter in which such Restricted Payment is made does not exceed the result of:

(i) Available Cash; *plus*

(ii) without duplication of amounts included in Available Cash, 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined by ARP s Board of Directors in good faith) of property or securities other than cash (including Capital Stock of Persons engaged primarily in the Energy Business or assets used in the Energy Business), in each case received by ARP from the substantially concurrent issue or sale of its Capital Stock (other than Disqualified Stock) or other substantially concurrent capital contributions subsequent to the Issue Date (other than Net Cash Proceeds received from an issuance or sale of such Capital Stock to (x) management, employees, directors or any direct or indirect parent of ARP, to the extent such Net Cash Proceeds have been used to make a Restricted Payment pursuant to clause (5)(a) of the next succeeding paragraph, (y) a Subsidiary of ARP or (z) an employee stock ownership plan, option plan or similar trust (to the extent such sale to an employee stock ownership plan, option plan or similar trust is financed by loans from or Guaranteed by ARP or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination)); *plus*

(iii) the amount by which Indebtedness of ARP or the Restricted Subsidiaries is reduced on ARP s balance sheet upon the conversion or exchange (other than by a Wholly-Owned Subsidiary of ARP) subsequent to the Issue Date of any Indebtedness of ARP or the Restricted Subsidiaries convertible or exchangeable for Capital Stock (other than Disqualified Stock) of ARP (less the amount of any cash, or the fair market value of any other property (other than such Capital Stock), distributed by ARP upon such conversion or exchange), together with the net proceeds, if any, received by ARP or any of the Restricted Subsidiaries upon such conversion or exchange; plus

(iv) without duplication of amounts included in Available Cash, the amount equal to the aggregate net reduction in Restricted Investments made by ARP or any of the Restricted Subsidiaries in any Person subsequent to the Issue Date resulting from:

(A) repurchases, repayments or redemptions of such Restricted Investments by such Person, proceeds realized upon the sale of such Restricted Investment (other than to a Subsidiary of ARP), repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to ARP or any Restricted Subsidiary;

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of Investment) not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by ARP or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount in each case under this clause (iv) was included in the calculation of the amount of Restricted Payments; and

(C) the sale (other than to ARP or a Restricted Subsidiary) of the Capital Stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary or a dividend from an Unrestricted Subsidiary (items (ii), (iii) and (iv) being referred to as Incremental Funds and for purposes of clause (2)(ii) below, items (ii) and (iv) above being referred to as Special Incremental Funds); minus

(v) the aggregate amount of Incremental Funds previously expended pursuant to this clause (b)(1) or clause (b)(2) below; or

(2) if the Consolidated Coverage Ratio for ARP and the Restricted Subsidiaries as of the last day of the immediately preceding fiscal quarter is less than 2.25 to 1.0, the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made during the fiscal quarter in which such Restricted Payment and other Restricted Payments is made (such Restricted Payments for purposes of this

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clause (2) meaning only distributions on the Capital Stock of ARP plus the related distributions to the General Partner) does not exceed:

(i) $125.0 million less the aggregate amount of Restricted Payments made since the Issue Date pursuant to this clause (b)(2); plus

(ii) the aggregate amount of Special Incremental Funds not previously expended pursuant to clause (b)(1) above or this clause (b)(2).

The Company paid a distribution of $40.0 million in respect of the period ending September 30, 2013, including $2.4 million and $4.2 million to the Company s general partner and preferred limited partners, respectively. Under the terms of ARP s Partnership Agreement, Available Cash not applied to pay a distribution after any fiscal quarter is reset to $0.

The preceding provisions will not prohibit:

(1) any Restricted Payment made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of ARP (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or Guaranteed by ARP or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination) or a substantially concurrent cash capital contribution received by ARP; provided, however, that (a) such Restricted Payment will be excluded from subsequent calculations of the amount of Restricted Payments and (b) the Net Cash Proceeds from such sale of Capital Stock or capital contribution will be excluded from Available Cash and clause (b) (1) (ii) of the preceding paragraph and the definition of Incremental Funds;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of ARP or the Company or Guarantor Subordinated Obligations of any Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations of ARP or the Company or any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Guarantor Subordinated Obligations made by exchange for or out of the proceeds of the substantially concurrent sale of Guarantor Subordinated Obligations that, in each case, is permitted to be Incurred pursuant to the covenant described under Limitation on Indebtedness and Preferred Stock ; provided, however, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded from subsequent calculations of the amount of Restricted Payments;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of ARP or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of ARP or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under Limitation on Indebtedness and Preferred Stock ; *provided further, however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded from subsequent calculations of the amount of Restricted Payments;

(4) dividends paid or distributions made within 60 days after the date of declaration if at such date of declaration such dividend or distribution would have complied with this covenant; *provided, however*, that such dividends and distributions will be included (without duplication) in subsequent calculations of the amount of Restricted Payments (to the extent the declaration thereof has not been previously included); and *provided* however that for purposes of clarification, this clause (4) shall not include cash payments in lieu of the issuance of fractional shares included in clause (9) below;

(5) (a) so long as no Default has occurred and is continuing, the purchase of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of Parent, ARP or any Restricted Subsidiary held by any existing or former employees, management or directors of Parent, ARP or any Subsidiary of ARP or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to

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compensate management, employees or directors; *provided* that such redemptions or repurchases since the Issue Date pursuant to this subclause (a) during any calendar year will not exceed $3.0 million in the aggregate (with unused amounts in any calendar year being carried over to the next succeeding calendar year); *provided*, *further,* that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds received by ARP from the sale of Capital Stock of ARP to members of management or directors of ARP and the Restricted Subsidiaries that occurs after the Issue Date (to the extent the cash proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments by virtue of the clause (b) of the preceding paragraph), plus (B) the cash proceeds of key man life insurance policies received by ARP and the Restricted Subsidiaries after the Issue Date (to the extent the cash proceeds of key man life insurance policies have not otherwise been applied to the payment of Restricted Payments by virtue of the clause (b) of the preceding paragraph), less (C) the amount of any Restricted Payments made pursuant to clauses (A) and (B) of this clause (5)(a) since the Issue Date; *provided further, however,* that the amount of any such repurchase or redemption under this subclause (a) will be excluded in subsequent calculations of the amount of Restricted Payments and the proceeds received from any such sale will be excluded from clause (b) of the preceding paragraph (including the definition of Incremental Funds); and

(b) the cancellation of loans or advances to employees or directors of ARP or any Subsidiary of ARP the proceeds of which are used to purchase Capital Stock of ARP, in an aggregate amount not in excess of $2.0 million at any one time outstanding; *provided*, *however*, that ARP and its Subsidiaries will comply in all material respects with all applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith in connection with such loans or advances; *provided, further*, that the amount of such cancelled loans and advances will be included in subsequent calculations of the amount of Restricted Payments;

(6) repurchases, redemptions or other acquisitions or retirements for value of Capital Stock deemed to occur upon the exercise of stock options, warrants, rights to acquire Capital Stock or other convertible securities if such Capital Stock represents a portion of the exercise or exchange price thereof, and any repurchases, redemptions or other acquisitions or retirements for value of Capital Stock made in lieu of withholding taxes in connection with any exercise or exchange of warrants, options or rights to acquire Capital Stock; *provided, however*, that such repurchases will be excluded from subsequent calculations of the amount of Restricted Payments;

(7) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Obligation (i) at a purchase price not greater than 101% of the principal amount of such Subordinated Obligation in the event of a Change of Control in accordance with provisions similar to the covenant described under Change of control or (ii) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the covenant described under Limitation on sales of assets and Subsidiary stock ; *provided* that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Issuers have made the Change of Control Offer or Asset Disposition Offer, as applicable, as provided in such covenant with respect to the Notes and have completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer; *provided*, *however*, that such repurchases will be included in subsequent calculations of the amount of Restricted Payments;

(8) payments or distributions to dissenting stockholders of acquired businesses pursuant to applicable law or in connection with the settlement or other satisfaction of legal claims made pursuant to or in connection with a consolidation, merger or transfer of assets otherwise permitted under the Indenture; *provided, however*, that any payment pursuant to this clause (8) shall be excluded from the calculation of the amount of Restricted Payments;

(9) cash payments in lieu of the issuance of fractional shares; *provided, however*, that any payment pursuant to this clause (9) shall be excluded from the calculation of the amount of Restricted Payments;

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(10) so long as no Default has occurred and is continuing, other Restricted Payments made pursuant to this clause (10) in an aggregate amount not to exceed of $5.0 million, *provided* that any payment pursuant to this clause (10) shall be excluded from the calculation of the amount of Restricted Payments; and

(11) Permitted Payments.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by ARP or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount. The fair market value of any non-cash Restricted Payment that is less than $20.0 million shall be determined conclusively by an Officer of the ARP and the fair market value of any noncash Restricted Payment that is more than $20.0 million shall be determined conclusively by the Board of Directors of the ARP acting in good faith whose resolution with respect thereto shall be delivered to the Trustee. Not later than the date of making any Restricted Payment, the Issuers shall deliver to the Trustee an Officers Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by the covenant described under Restricted Payments were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

As of the Issue Date, all of ARP s Subsidiaries other than Anthem Securities, Inc., Atlas Energy Securities, Inc. and Atlas Resource Escrow Corporation will be Restricted Subsidiaries (including the Issuers). We will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the last sentence of the definition of Unrestricted Subsidiary. For purpose of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by ARP and the Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of Investment. Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time, whether pursuant to the first paragraph of this covenant or pursuant to the definition of Permitted Investments, and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Indenture.

Limitation on Liens

ARP will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien (the Initial Lien) other than Permitted Liens upon any of its property or assets (including Capital Stock of Restricted Subsidiaries), including any income or profits therefrom, whether owned on the date of the Indenture or acquired after that date, which Lien is securing any Indebtedness, unless contemporaneously with the Incurrence of such Liens effective provision is made to secure the Indebtedness due under the Notes or, in respect of Liens on ARP s or any Restricted Subsidiary s property or assets, any Guarantee of ARP or such Restricted Subsidiary, as the case may be, equally and ratably with (or senior in priority to in the case of Liens with respect to Subordinated Obligations or Guarantor Subordinated Obligations, as the case may be) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured.

Any Lien created for the benefit of the holders of the Notes pursuant to the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

Limitation on restrictions on distributions from Restricted Subsidiaries

ARP will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to ARP or any Restricted Subsidiary (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being

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paid on Common Stock shall not be deemed a restriction on the ability to make distributions on Capital Stock);

(2) make any loans or advances to ARP or any Restricted Subsidiary (it being understood that the subordination of loans or advances made to ARP or any Restricted Subsidiary to other Indebtedness Incurred by ARP or any Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances); or

(3) sell, lease or transfer any of its property or assets to ARP or any Restricted Subsidiary. The preceding provisions will not prohibit:

(i) any encumbrance or restriction pursuant to or by reason of (a) an agreement in effect at or entered into on the Issue Date and (b) the Indenture;

(ii) any encumbrance or restriction with respect to a Person pursuant to or by reason of an agreement relating to any Capital Stock or Indebtedness Incurred by a Person on or before the date on which such Person was acquired by ARP or another Restricted Subsidiary (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person was acquired by ARP or a Restricted Subsidiary or in contemplation of the transaction) and outstanding on such date; *provided*, that any such encumbrance or restriction shall not extend to any assets or property of ARP or any Restricted Subsidiary other than the assets and property so acquired;

(iii) encumbrances and restrictions contained in contracts entered into in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of, or from the ability of ARP and the Restricted Subsidiaries to realize the value of, property or assets of ARP or any Restricted Subsidiary in any manner material to ARP or any Restricted Subsidiary;

(iv) any encumbrance or restriction with respect to an Unrestricted Subsidiary pursuant to or by reason of an agreement that the Unrestricted Subsidiary is a party to entered into before the date on which such Unrestricted Subsidiary became a Restricted Subsidiary; *provided*, that such agreement was not entered into in anticipation of the Unrestricted Subsidiary becoming a Restricted Subsidiary and any such encumbrance or restriction shall not extend to any assets or property of ARP or any Restricted Subsidiary other than the assets and property so acquired;

(v) with respect to any Foreign Subsidiary, any encumbrance or restriction contained in the terms of any Indebtedness or any agreement pursuant to which such Indebtedness was Incurred if:

(a) either (1) the encumbrance or restriction applies only in the event of a payment default or a default with respect to a financial covenant in such Indebtedness or agreement or (2) the Issuers determine that any such encumbrance or restriction will not materially affect the Issuers ability to make principal or interest payments on the Notes, as determined in good faith by the Board of Directors of the Company, whose determination shall be conclusive; and

(b) the encumbrance or restriction is not materially more disadvantageous to the holders of the Notes than is customary in comparable financing (as determined by the Company);

(vi) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement effecting a refunding, replacement or refinancing of Indebtedness Incurred pursuant to an agreement referred to in clauses (i) through (v) or clause (xii) of this paragraph or this clause (vi) or contained in any amendment, restatement, modification, renewal, supplemental, refunding, replacement or refinancing of an agreement referred to in clauses (i) through (v) or clause (xii) of this paragraph or this clause (vi); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement taken as a whole are no less favorable in any material respect to the holders of the Notes than the encumbrances and restrictions contained in such agreements referred to in clauses (i) through (v) or clause (xii) of this paragraph on the Issue Date or the date such Restricted Subsidiary became a Restricted Subsidiary or was merged into a Restricted Subsidiary, whichever is applicable;

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(vii) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease (including leases governing leasehold interests or farm-in agreements or farm-out agreements relating to leasehold interests in oil and gas properties), license or similar contract, or the assignment or transfer of any such lease (including leases governing leasehold interests or farm-in agreements or farm-out agreements relating to leasehold interests in oil and gas properties), license or other contract;

(b) arising from Permitted Liens securing Indebtedness of ARP or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements;

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of ARP or any Restricted Subsidiary;

(d) restrictions on cash or other deposits imposed by customers or lessors under contracts or leases entered into in the ordinary course of business;

(e) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business that solely affect the assets or property that is the subject of such agreements and provided that in the case of joint venture agreements such provisions solely affect assets or property of the joint venture; or

(f) any agreement or instrument relating to any property or assets acquired after the Issue Date, so long as such encumbrance or restriction relates only to the property or assets so acquired and is not and was not created in anticipation of such acquisitions.

(viii)(a) purchase money obligations for property acquired in the ordinary course of business and (b) Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions of the nature described in clause (3) of the first paragraph of this covenant on the property so acquired;

(ix) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(x) any customary encumbrances or restrictions imposed pursuant to any agreement of the type described in the definition of Permitted Business Investment ;

(xi) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order; and

(xii) the Senior Secured Credit Agreement as in effect as of the Issue Date, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive with respect to such dividend and other payment restrictions than those contained in the Senior Secured Credit Agreement as in effect on the Issue Date.

Limitation on sales of assets and Subsidiary stock

ARP will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition unless:

(1) ARP or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Disposition at least equal to the fair market value (such fair market value to be determined on the date of

contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors (including as to the value of all noncash consideration), of the shares and assets subject to such Asset Disposition;

(2) at least 75% of the consideration received by ARP or such Restricted Subsidiary, as the case may be, from such Asset Disposition is in the form of cash or Cash Equivalents or Additional Assets, or any combination thereof; and

(3) except as provided in the next paragraph an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied, within 18 months from the later of the date of such Asset Disposition or the receipt of such Net Available Cash, by ARP or such Restricted Subsidiary, as the case may be:

(a) to the extent ARP or any Restricted Subsidiary, as the case may be, elects not to invest in Additional Assets and (or is required by the terms of any Indebtedness) to prepay, repay, redeem or purchase Indebtedness of ARP or the Restricted Subsidiaries under the Senior Secured Credit Agreement, any other Indebtedness of ARP, an Issuer or a Subsidiary Guarantor that is secured by a Lien permitted to be Incurred under the Indenture or Indebtedness (other than Disqualified Stock) of any Wholly-Owned Subsidiary that is not an Issuer or a Subsidiary Guarantor *provided, however*, that, in connection with any prepayment, repayment, redemption or purchase of Indebtedness pursuant to this clause (a), ARP or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or

(b) to invest in Additional Assets;

provided that pending the final application of any such Net Available Cash in accordance with this covenant, ARP and the Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested as provided in the preceding paragraph will be deemed to constitute Excess Proceeds. Not later than the day following the date that is 18 months from the later of the date of such Asset Disposition or the receipt of such Net Available Cash, if the aggregate amount of Excess Proceeds exceeds $25.0 million, the Issuers will be required to make an offer (Asset Disposition Offer) to all holders of Notes and to the extent required by the terms of other Pari Passu Indebtedness, to all holders of other Pari Passu Indebtedness outstanding with similar provisions requiring ARP or a Restricted Subsidiary to make an offer to purchase such Pari Passu Indebtedness with the proceeds from any Asset Disposition (Pari Passu Notes), to purchase the maximum principal amount of Notes and any such Pari Passu Notes to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount (or, in the event such Pari Passu Indebtedness of ARP or a Restricted Subsidiary was issued with significant original issue discount, 100% of the accreted value thereof) of the Notes and Pari Passu Notes plus accrued and unpaid interest, if any, (or in respect of such Pari Passu Indebtedness, such lesser price, if any, as may be provided for by the terms of such Indebtedness) to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Notes, as applicable, in each case in minimum principal amount of $2,000 and integral multiples of $1,000 in excess of $2,000. If the aggregate principal amount of Notes surrendered by holders thereof and other Pari Passu Notes surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Notes. To the extent that the aggregate amount of Notes and Pari Passu Notes so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuers may use any remaining Excess Proceeds for general company purposes, subject to the other covenants contained in the Indenture. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

The Asset Disposition Offer will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law (the Asset Disposition

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Offer Period). No later than five Business Days after the termination of the Asset Disposition Offer Period (the Asset Disposition Purchase Date), the Issuers will purchase the principal amount of Notes and Pari Passu Notes required to be purchased pursuant to this covenant (the Asset Disposition Offer Amount) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Notes validly tendered in response to the Asset Disposition Offer.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no further interest will be payable to holders who tender Notes pursuant to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuers will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Notes or portions of Notes and Pari Passu Notes so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Notes so validly tendered and not properly withdrawn, in each case in a minimum principal amount of $2,000 and integral multiples of $1,000 in excess of $2,000. The Issuers will deliver to the Trustee an Officers Certificate stating that such Notes or portions thereof were accepted for payment by the Issuers in accordance with the terms of this covenant and, in addition, the Issuers will deliver all certificates and notes required, if any, by the agreements governing the Pari Passu Notes. The Issuers or the paying agent, as the case may be, will promptly (but in any case not later than five Business Days after the termination of the Asset Disposition Offer Period) mail or deliver to each tendering holder of Notes or holder or lender of Pari Passu Notes, as the case may be, an amount equal to the purchase price of the Notes or Pari Passu Notes so validly tendered and not properly withdrawn by such holder or lender, as the case may be, and accepted by the Issuers for purchase, and the Issuers will promptly issue a new Note, and the Trustee, upon delivery of an Officers Certificate from the Issuers, will authenticate and mail or deliver such new Note to such holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a minimum principal amount of $2,000 or an integral multiple of $1,000 in excess of $2,000. In addition, the Issuers will take any and all other actions required by the agreements governing the Pari Passu Notes. Any Note not so accepted will be promptly mailed or delivered by the Issuers to the holder thereof. The Issuers will publicly announce the results of the Asset Disposition Offer on the Asset Disposition Purchase Date.

The Issuers will comply, to the extent applicable, with the requirements of Rule 14e-1 of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of its compliance with such securities laws or regulations.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness (other than Subordinated Obligations, Guarantor Subordinated Obligations or Disqualified Stock) of ARP or a Restricted Subsidiary and the release of ARP or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition (or in lieu of such a release, the agreement of the acquirer or its parent company to indemnify and hold ARP or such Restricted Subsidiary harmless from and against any loss, liability or cost in respect of such assumed Indebtedness; *provided, however*, that such indemnifying party (or its long term debt securities) shall have an Investment Grade Rating (with no indication of a negative outlook or credit watch with negative implications, in any case, that contemplates such indemnifying party (or its long term debt securities) failing to have an Investment Grade Rating), in which case ARP will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (3)(a) of the first paragraph of this covenant; and

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(2) securities, notes or other obligations received by ARP or any Restricted Subsidiary from the transferee that are converted by ARP or such Restricted Subsidiary into cash within 180 days after receipt thereof.

Notwithstanding the foregoing, the 75% limitation referred to in clause (2) of the first paragraph of this covenant shall be deemed satisfied with respect to any Asset Disposition in which the cash or Cash Equivalents portion of the consideration received therefrom, determined in accordance with the foregoing provision on an after-tax basis, is equal to or greater than what the after-tax proceeds would have been had such Asset Disposition complied with the aforementioned 75% limitation.

The requirement of clause (3)(b) of the first paragraph of this covenant above shall be deemed to be satisfied if an agreement (including a lease, whether a capital lease or an operating lease) committing to make the acquisitions or expenditures referred to therein is entered into by ARP or the Restricted Subsidiary within the specified time period and such Net Available Cash is subsequently applied in accordance with such agreement within six months following such agreement.

Limitation on Affiliate Transactions

ARP will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, enter into, make, amend or conduct any transaction (including making a payment to, the purchase, sale, lease or exchange of any property or the rendering of any service), contract, agreement or understanding with or for the benefit of any Affiliate of ARP (an Affiliate Transaction) *unless*:

(1) the terms of such Affiliate Transaction are no less favorable to ARP or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction in arm s-length dealings with a Person who is not such an Affiliate or, if in the good faith judgment of the independent members of the Board of Directors of ARP no comparable transaction with an unrelated Person would be available, such independent directors determine in good faith that such Affiliate Transaction is fair to ARP or such Restricted Subsidiary from a financial point of view;

(2) if such Affiliate Transaction involves aggregate consideration in excess of $20.0 million, ARP delivers to the Trustee an Officers Certificate certifying that such Affiliate Transactions complies with this covenant; and