BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

)

APPLICANT: Devon Energy Production Company, L.P.

I-2008-003198 Book 0988 Pg: 340 07/14/2008 2:48 pm Pg 0340-0349 \$ 31.00 Fee: Doc: \$ 0.00 Linda McPherson - Blaine Co State of Oklahoma Blaine County Clerk

IN THE MATTER OF POOLING INTEREST
AND ADJUDICATING THE RIGHTS AND
EQUITIES OF OIL AND GAS OWNERS
UNDERLYING SECTION 19-13N-11W,
BLAINE COUNTY, OKLAHOMA

CAUSE CD NO. 200803115

ORDER NO. 55526

JUL 2 3 2008

AFFIDAVIT

COURT CLERK'S OFFICE - OKC CORPORATION COMMISSION OF OKLAHOMA

The undersigned, being first duly sworn, deposes and states as follows:

My name is Judy Gentry. I am a Contract Landman for Devon Energy Production Company, L.P., operator pursuant to the above captioned and attached order (hereinafter, the Order), and have been authorized to make this affidavit.

Devon Energy Production Company, L.P. as an owner of the right to drill for oil and gas underlying Section 19-13N-11W, Blaine County, Oklahoma did file with the Oklahoma Corporation Commission in the captioned Cause an application to pool interests of owners in said lands. The Corporation Commission entered the Order pooling the interests and adjudicating the rights and equities of all owners in the drilling and spacing units and common sources of supply covered by the referenced

The parties on the attached Exhibit "A" shown as electing 3a have elected to participate. The parties on the attached Exhibit "A" shown as electing 3b, 3/16 royalty, 3b, 1/5 or 3b, 1/4 royalty either elected not to participate or were deemed not to participate in the well or wells covered by the Order.

By reason of compliance with the terms and provisions of the Order, Devon Energy Production Company, L.P. hereby claims a right, title and interest in and to the interest of the above Non-Participating Parties to participate in the drilling and production from any well or wells provided for in

That for further information and clarification a copy of Order No. 555264 is attached hereto and made a part hereof as Exhibit "B".

This affidavit is executed for filing with the Oklahoma Corporation Commission and for recording in Blaine County, Oklahoma.

Devon Energy Production Company, L.P.

20 North Broadway

Oklahoma City, OK 73102

By: Judy Gentry

STATE OF OKLAHOMA

SS

COUNTY OF OKLAHOMA

Subscribed and sworn to before me this 30th day of June, 2008, by Judy Gentry.

My Commission Expires:

12/21/09

EVELYN BARKER Notary Public State of Oklahoma

Commission # 01019764 Expires 12/21/09

renda (filozofia)

EXHIBIT "A"

Attached to that Affidavit dated June 18, 2008 Oklahoma Corporation Commission Cause CD No. 200803115 Order No. 555264

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State of Oklahoma

Malcolm C. Mandeville 665 Tyrone Road, #118

Silver City, NM 88061

Leased to Devon

William James Pines

112 Erskine Drive East Greensboro, NC 27410 Leased to Devon

Questar Exploration and Production Company

2601 NW Expressway, Suite 1200E

Oklahoma City, OK 73112

Participated

Spindletop Exploration Company, Inc.

P.O. Box 25163

Dallas, TX 75225-1163

Leased to Questar

White Star Energy, Inc.

P.O. Box 51108 Midland, TX 79710 Leased to Questar

Known and Unknown Heirs of R.E. Fuller,

deceased

c/o Betty Fuller Pilsbury 9 Meadowlark Lane

Hilton Head Island, SC 29926

Curative

Known and Unknown Heirs of Allene H.

Mandeville, deceased c/o Michael McCaughtry 114 Mockingbird Lane Chickasha, OK 73018

Curative

Known and Unknown Heirs of M.C. Mandeville,

deceased

c/o Michael McCaughtry 114 Mockingbird Lane Chickasha, OK 73018

Curative

Frank L. Thompson

1400 West Pine Midland, TX 79705 Leased to Devon

Known and Unknown Heirs of A.W. Thompson,

deceased

c/o Frank Thompson 1400 West Pine

Midland, TX 79705

Curative

Known and Unknown Heirs of Eugenia M.

Curative

White, deceased

c/o Michael McCaughtry 114 Mockingbird Lane Chickasha, OK 73018

Known and Unknown Heirs and Successors of

M.C. Mandeville, deceased ADDRESS UNKNOWN

Curative

Known and Unknown Heirs of Eugenia M.

Curative

White, deceased

ADDRESS UNKNOWN

Known and Unknown Heirs of Allene H.

Mandeville, deceased ADDRESS UNKNOWN Curative

EXHIBIT "A"

Attached to that Affidavit dated June 18, 2008
Oklahoma Corporation Commission
Cause CD No. 200803115 Order No. 555264

Attached to that Affidavit dated June 18, 2008

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Linda McPherson - Blaine County Clerk
State of Oklahoma

Known and Unknown Heirs of R.E. Fuller, deceased ADDRESS UNKNOWN

Curative

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BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: DEVON ENERGY PRODUCTION

CAUSE CD NO.

COMPANY, L.P.

200803115

RELIEF SOUGHT: POOLING

ORDER NO.

LANDS COVERED: SECTION 19, TOWNSHIP 13 NORTH,

RANGE 11 WEST, BLAINE COUNTY, OKLAHOMA

555264

ORDER OF THE COMMISSION

This cause came on for hearing before William L. Peterson, Administrative Law Judge for the Corporation Commission of Oklahoma, on the 3rd day of June, 2008, at 8:30 a.m. in the Commission Courtroom, Jim Thorpe Building, Oklahoma City, Oklahoma, pursuant to notice given as required by law and the Rules of the Commission for the purpose of hearing, taking testimony and reporting the findings and recommendations to the Commission.

David E. Pepper, Attorney, appeared for the Applicant, DEVON ENERGY PRODUCTION COMPANY, L.P.; Kendal Huber Lorenz, Attorney, appeared for Chesapeake Operating, Inc. and Chesapeake Exploration, LLC; Richard Grimes, Attorney, appeared for Questar Exploration and Production Company; and Sally Shipley, Deputy General Counsel for Conservation filed notice of appearance on behalf of the Corporation Commission.

The Administrative Law Judge heard the cause and filed a report with the Commission, which report has been considered, and the Commission, therefore, finds as follows:

FINDINGS

- 1. That this is the Application of Devon Energy Production Company, L.P. for an order pooling interests and adjudicating rights and equities of oil and gas owners in the Tonkawa, Cottage Grove, True Layton, Cleveland, Oswego, Cherokee, Atoka, Morrow-Springer, Mississippian, Woodford and Hunton common sources of supply underlying Section 19-13N-11W, Blaine County, Oklahoma.
- 2. That the Commission has jurisdiction over the subject matter herein; that notice has been given in all respects as required by law and the rules of the Commission.
- 3. That Section 19-13N-11W, Blaine County, Oklahoma is a 640-acre drilling and spacing unit for the production of hydrocarbons from the Tonkawa, Cottage Grove, True Layton, Cleveland, Oswego, Cherokee, Atoka, Morrow-Springer, Mississippian, Woodford and Hunton common sources of supply, heretofore established by Order No. 552903.
- 4. That Devon Energy Production Company, L.P. is the owner of the right to drill wells on said drilling and spacing unit and to develop and produce said common sources of supply, has made a bona fide effort to reach an agreement with all of the other such owners in such drilling and spacing unit, as set forth on Exhibit "A", to pool their interests and to develop the drilling and spacing unit and common sources of supply as a unit, and the Commission should issue an order requiring such owners to pool and develop the drilling and spacing unit and common sources of supply covered hereby as a unit.
- 5. That Devon Energy Production Company, L.P. proposes to drill a well in Section 19-13N-11W, Blaine County, Oklahoma, to a depth sufficient to test the Tonkawa, Cottage Grove, True Layton, Cleveland, Oswego, Cherokee, Atoka, Morrow-Springer, Mississippian, Woodford and Hunton common sources of supply, and that to protect correlative rights, all owners should be required to pool and develop the unit and common sources of supply covered hereby as a unit, upon

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the terms and conditions set out in "Order" below, all of which are found hereby, after a consideration of the substantial evidence in this cause, to be just and reasonable and will afford each owner in the unit the opportunity to recover or receive without unnecessary expense his just and fair share of the production from the unit.

6. That in the interest of the prevention of waste and the protection of correlative rights, this Application should be granted, and the rights of all owners pooled and adjudicated.

ORDER

IT IS THEREFORE ORDERED by the Corporation Commission of Oklahoma as follows:

1. That Devon Energy Production Company, L.P. proposes to drill a well in Section 19-13N-11W, Blaine County, Oklahoma, a drilling and spacing unit for the Tonkawa, Cottage Grove, True Layton, Cleveland, Oswego, Cherokee, Atoka, Morrow-Springer, Mississippian, Woodford and Hunton common sources of supply, and to develop said unit and the common sources of supply thereunder as a unit, and the rights and equities of all oil and gas owners covered hereby are pooled, adjudicated and determined.

Well Costs:

2a. That estimated well costs are:

Completed as a dry hole - \$4,078,400.00 Completed for production - \$8,034,700.00

Cash bonus of \$1,000.00 per acre plus a total royalty of 3/16 as more fully set forth below:

2b. That \$1,000.00 per acre, is a fair, reasonable and equitable cash bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the costs thereof; such cash bonus when paid as set out in this Order should be satisfaction in full for all rights and interests of such owner in the well covered hereby, except for any normal 1/8 royalty interest as defined in 52 O.S. Section 87.1(e); provided that any party unable to deliver a 13/16ths interest shall be required to elect option 2c, 2d or to participate in the drilling of the well;

Cash bonus of \$300.00 per acre plus a total royalty of 1/5 as more fully set forth below:

2c. That \$300.00 per acre, plus a proportionate share of an overriding or excess royalty of 7.5% of 8/8ths is a fair, reasonable and equitable cash bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the costs thereof; such cash bonus when paid as set out in this Order should be satisfaction in full for all rights and interests of such owner in the well covered hereby, except for any normal 1/8 royalty interest as defined in 52 O.S. Section 87.1(e); provided that any party unable to

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- 4. That each owner of the right to drill in said drilling and spacing unit to said common sources of supply covered hereby who has not agreed to develop said unit as a unit, other than Applicant, should be required to select which of the alternatives set out in paragraph 3 above, such owner accepts, in writing, within fifteen (15) days from the date of this Order; in the event any owner fails to elect, in the time and in the manner as set out above, which of the alternatives set forth in paragraph 3 above any such owner accepts, then such owner shall be deemed to have accepted the cash bonus, plus the share of production, as set out in paragraph 2b above; in the event any owner elects to do other than participate in said well by paying his proportionate share of the costs thereof, or fails to make an election provided above, such owner shall be deemed to have relinquished unto Applicant, all of such owner's right, title, interest or claim in and to the unit well, except for any normal 1/8 royalty interest, defined above, or other share in production to which such owners may be entitled by reason of an election hereunder.
- 5. Only those owners electing to participate in the initial well drilled hereunder will be allowed to participate in subsequent wells drilled on the drilling and spacing unit and common sources of supply covered hereby. Owners electing or deemed to have elected the cash consideration plus excess royalty provided in paragraph 2b, 2c or 2d above, for the initial well shall thereafter receive no additional cash consideration for subsequent wells, but shall receive the royalty it originally elected to receive or was deemed to have elected to receive.
- In the event Applicant or any other owner that participates in the initial well and all subsequent wells proposes the drilling of a subsequent well it shall notify those owners who elected to participate in the initial well drilled hereunder of its intent to drill a subsequent well and said owners will have fifteen (15) days from the receipt of said notice to elect whether to participate in said subsequent well or elect alternative 2b, 2c or 2d set forth above. The notice provided by the proposing party shall include the estimated dry hole costs and estimated completed well costs of the subsequent well and owners electing to participate must pay, or make satisfactory arrangements with the Operator to secure the payment of, their proportionate share of said completed well costs within twenty (20) days from the receipt of notice from the proposing party. Those owners failing to elect within the period provided or those owners electing to participate but failing to pay their share of costs within the period provided shall be deemed to have elected not to participate in the subsequent well and shall receive the option set forth in paragraph 2b above. Anytime an owner elects or is deemed to have elected not to participate in a subsequent well, then that owner shall not be allowed to participate in future wells drilled on the drilling and spacing units covered hereby. The Oklahoma Corporation Commission shall retain jurisdiction over the drilling and completion costs proposed by Applicant for subsequent wells. Any well proposal made under this provision shall expire after 180 days if no well has been commenced.
- 7. That Applicant, in addition to any other rights provided herein, shall have a lien as set out in 52 O.S. Section 87.1(d) (1971), on the interest of any owner, subject to this Order, who has elected to participate in the well covered hereby, by paying such owner's proportionate part of the costs thereof; provided, however, that in the event an owner elects to participate in said well by paying his proportionate part of the costs thereof and fails or refuses to pay or to secure the payment of such owner's proportionate part of the dry hole and completed costs as set out in paragraph 2a above, or fails or refuses to pay or make an arrangement with the Applicant for the payment thereof, all within the periods of time as prescribed in this Order, then such owner shall be deemed to have elected to have accepted the cash bonus, plus the share of production, set out in paragraph 2b above. Thereupon, the payment of such cash bonus shall be made by Applicant within thirty (30) days after the last day on which such defaulting owner, under this Order, should have paid his proportionate part of such costs or should have made satisfactory arrangements for the payment thereof.
- 8. If any payment of bonus, royalty payments or other payments due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then said bonus, royalty payments or other payments shall be paid into an escrow account in a financial

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institution within ninety days (90) after this Order and shall not be commingled with any funds of the Applicant or Operator. Provided, however, that the Commission shall retain jurisdiction to grant to financially solid and stable holders an exception to the requirement that such funds be paid into an escrow account with a financial institution and permit such holder to escrow such funds within such holder's organization. Responsibility for filing reports with the Commission as required by law and Commission rule as to bonus, royalty or other payments escrowed hereunder shall be with the applicable holder. Such escrowed funds shall be held for the exclusive use of, and the sole benefit of, the person entitled thereto. It shall be the responsibility of the Operator to notify all other holders of this provision and of the Commission rules regarding unclaimed monies under pooling orders.

Devon Energy Production Company, L.P. is designated operator of the unit well and common sources of supply covered hereby, and all elections shall be communicated to said operator at the address shown below as required in this Order.

> Devon Energy Production Company, L.P. Attn: Carrie Askins P.O. Box 1678 Oklahoma City, OK 73101-1678

- That Devon Energy Production Company, L.P. must commence operations for the drilling and other operations with respect to the well covered hereby within one (1) year from the date of this Order, and diligently prosecute the same to completion in a reasonably prudent manner or this Order shall be null and void except as to the payment of cash bonuses.
- That Applicant, or its Attorney, shall file with the Secretary of the Commission within ten (10) days from the date of this Order, an affidavit stating that a copy of this Order was mailed within three (3) days from the date of this Order to all parties pooled by this Order whose addresses are known.

DONE AND PERFORMED this

ON OF OKLAHOMA CORPO

BOB ANTHONY,

Peggy Mi

chells

Secretary

JIM R TH, Commissioner 07/14/2008 2:48 pm Pg 0340-0349 Fee: \$ 31.00 Doc: \$ 0.00 Linda McPherson - Blaine County Clerk State of Oklahoma

DEVON ENERGY PRODUCTION COMPANY, L.P. ORDER OF THE COMMISSION CAUSE CD NO. 200803115 PAGE 6

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing findings and order are the report and recommendations of the Administrative Law Judge.

Approved:		
William L. Peterson Administrative Law Judge	Date	
Technical Reviewer	Date	

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DEVON ENERGY PRODUCTION COMPANY, LP POOLING CAUSE CD NO. 200803115 PAGE NO. 1

EXHIBIT "A"

RESPONDENTS POOLED:

- Maicolm C. Mandeville 665 Tyrone Road, #118 Silver City, NM 88061
- William James Pines
 112 Erskine Drive East
 Greensboro, NC 27410
- Questar Exploration and Production Company 2601 NW Expressway, Suite 1200E Oklahoma City, OK 73112
- Spindletop Exploration Company, Inc. P. O. Box 25163
 Dallas, TX 75225-1163
- White Star Energy, Inc.
 P. O. Box 51108
 Midland, TX 79710
- Known and Unknown Heirs of R.E. Fuller, deceased c/o Betty Fuller Pilsbury
 Medowlark Lane Hilton Head Island, SC 29926
- Known and Unknown Heirs of Allene H. Mandeville, deceased c/o Michael McCaughtry 114 Mockingbird Lane Chickasha, OK 73018
- Known and Unknown Heirs of M.C. Mandeville, deceased
 c/o Michael McCaughtry
 114 Mockingbird Lane
 Chickasha, OK 73018
- Frank L. Thompson
 1400 West Pine
 Midland, TX 79705
- Known and Unknown Heirs of A.W. Thompson, deceased c/o Frank L. Thompson 1400 West Pine Midland, TX 79705
- Known and Unknown Heirs of Eugenia M. White, deceased
 c/o Michael McCaughtry
 114 Mockingbird Lane
 Chickasha, OK 73018

RESPONDENTS POOLED FOR CURATIVE PURPOSES:

NONE

RESPONDENTS DISMISSED:

NONE

RESPONDENTS ADDRESS UNKNOWN:

- Known and Unknown Heirs and Successors of M.C. Mandeville, deceased ADDRESS UNKNOWN
- Known and Unknown Heirs of Eugenia M. White, deceased ADDRESS UNKNOWN
- Known and Unknown Heirs of Allene H. Mandeville, deceased ADDRESS UNKNOWN
- Known and Unknown Heirs of R.E. Fuller, deceased ADDRESS UNKNOWN