

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA

APPLICANT: LEATHERNECK ENERGY)
GROUP, INC.)
))
RELIEF SOUGHT: DRILLING AND)
SPACING UNITS)
) CAUSE C.D. NO. 200703629-T
LEGAL DESCRIPTION:)
)) **541948**
N/2 SW/4 OF SECTION 22,) ORDER NO. _____
TOWNSHIP 15 NORTH, RANGE)
11 EAST, OKMULGEE COUNTY,)
OKLAHOMA.)

ORDER OF THE COMMISSION

THIS CAUSE came on for hearing before Curtis M. Johnson, Administrative Law Judge for the Corporation Commission of Oklahoma, on June 26, 2007, at 8:30 a.m., in the Commission Courtroom, 440 South Houston, Tulsa, Oklahoma, pursuant to notice given as required by law and the Rules of the Commission for the purpose of hearing, taking testimony and reporting his findings and recommendations to the Commission.

Lee I. Levinson, Attorney appearing for the Applicant, Leatherneck Energy Group, Inc., and Sally Shipley, Assistant General Counsel for Conservation, filed her notice of appearance on behalf of the Corporation Commission.

The Administrative Law Judge heard this 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 an Application of Leatherneck Energy Group, Inc. for an order to establish drilling and spacing units for the Red Fork, Bartlesville, Taneha (Booch), Dutcher, Union Valley, Mississippian, Viola, Simpson and Arbuckle common sources of supply underlying the N/2 SW/4 of Section 22, Township 15 North, Range 11 East, Okmulgee 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. In support of this Application Robert W. Rohlifing, Petroleum Consultant, testified that he was familiar with this area, had done numerous geologic studies of this area, and admitted into evidence was Applicant's Exhibit 1, being a production map of wells in the area. Mr. Rohlifing further stated that 40 acre drilling and spacing units for the common sources of supply designated herein would optimize recovery and prevent waste.

4. That at the time of hearing, it was stated that the Taneha and Booch were both treated as the same common source of supply and that for the purposes of this order, this common source of supply shall be named the Booch.

5. That by Order No. 38554, the Commission established 20 acre drilling and spacing units for the Glenn common source of supply underlying the N/2 SW/4 of Section 22, Township 15 North, Range 11 East, Okmulgee County, Oklahoma. Mr. Rohlifing testified that since the issuance of this order, there has been a substantial change of conditions and that Order No. 38554 should be vacated with respect to the Glenn common source of supply and that 40 acre drilling and spacing units should be established based on many new wells having been drilled in the area since the issuance of the earlier order in 1958. Further, based on Mr. Rohlifing's study 40 acre drilling and spacing units would optimize recovery from the Bartlesville common source of supply which is the same as the Glenn common source of supply.

6. Mr. Rohlifing presented testimony showing the common sources of supply named below underlies the N/2 SW/4 of Section 22, Township 15 North, Range 11 East, Okmulgee County, Oklahoma at the approximate depths shown below. Further the classification and production anticipated from the common sources of supply is shown herein and the drilling and spacing units should be established as follows:

<u>Common Sources of Supply</u>	<u>Depth</u>	<u>Classification</u>	<u>Unit Size</u>
Red Fork	1,500 feet	Oil	40
Bartlesville	1,750 feet	Oil	40
Booch	2,050 feet	Oil	40
Dutcher	2,200 feet	Oil	40
Union Valley	2,340 feet	Oil	40
Mississippian	2,500 feet	Oil	40
Viola	2,800 feet	Oil	40
Simpson	2,840 feet	Oil	40

Arbuckle 2,950 feet Oil 40

7. That the permitted well and drilling and spacing units requested is necessary to effectively and efficiently drain the portion of the common source of supply (reservoir) covered by such drilling and spacing unit and there is no existing well within the drilling and spacing unit which can effectively and efficiently drain the portion of the common source of supply (reservoir) covered by such drilling and spacing unit.

8. It was further shown at the time of hearing that the Applicant has conducted a diligent and meaningful search of the local County Assessor's records, County Treasurer's records, County Deed records regarding the property involved for return addresses on recorded instruments, County Probate records, and City and County telephone directories and other sources of such information to locate the whereabouts and mailing address of each Respondent or the identity, whereabouts and mailing addresses of Respondent's heirs, executors, administrators, trustees, successors, devisees or assigns if any. It was determined at the time of hearing that the Applicant had given the statutory required notices both by State and Federal due process so that notice has been given in all respects as required by law and the rules of the Oklahoma Corporation Commission.

9. That in the interest of the prevention of waste and the protection of correlative rights this Application should be granted according to the order portion as set forth below.

ORDER

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

1. That Order No. 38554 should be vacated with respect to the Glenn common source of supply underlying the N/2 SW/4 of Section 22, Township 15 North, Range 11 East, , Okmulgee County, Oklahoma and that drilling and spacing units should then be established for the Bartlesville common source of supply as set forth herein.

2. That drilling and spacing units be and the same are hereby established as follows:

<u>Common Sources of Supply</u>	<u>Depth</u>	<u>Classification</u>	<u>Unit Size</u>
Red Fork	1,500 feet	Oil	40
Bartlesville	1,750 feet	Oil	40
Booch	2,050 feet	Oil	40

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Dutcher	2,200 feet	Oil	40
Union Valley	2,340 feet	Oil	40
Mississippian	2,500 feet	Oil	40
Viola	2,800 feet	Oil	40
Simpson	2,840 feet	Oil	40
Arbuckle	2,950 feet	Oil	40

underlying the N/2 SW/4 of Section 22, Township 15 North, Range 11 East, Okmulgee County, Oklahoma.

2. That the 40 acre drilling and spacing units hereby created shall be comprised of the governmental quarter-quarter sections of the subject acreage.

3. That any well drilled to the common sources of supply on the drilling and spacing units established hereby must be drilled no closer than 330 feet to the unit boundary.

4. That all royalty interest within each drilling and spacing unit are pooled and unitized and each royalty owner shall share in the one-eighth (1/8) of all production from any well thereon in the proportion that the acreage owned by such royalty owner bears to the entire acreage in the drilling and spacing unit.

5. That when there are two or more separately owned tracts or undivided interests separately owned within any of the said drilling and spacing units established hereby, the owners thereof may validly pool their interests and develop the particular drilling and spacing unit as a unit; that where, however, such owners have not agreed to do so pool their interests and to develop the particular drilling and spacing unit as a unit, their rights and equities shall be pooled and adjudicated as provided in Sub-section (e), Section 87.1, Title 51 Oklahoma Statutes 1971.

6. That no more than one well shall hereafter be produced from the common sources of supply named above on the drilling and spacing units established hereby and the permitted well on any of said drilling and spacing units shall be drilled only at the location thereon as prescribed above, unless the Commission, prior to the drilling of said well, shall have authorized a well location exception therefor in accordance with Section 87.1, Title 52 Oklahoma Statutes 1971.

7. That attached hereto and made a part hereof as Exhibit "A" is a plat of the 40 acre

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drilling and spacing units established by this Order with the permitted well locations shown.

DONE AND PERFORMED this 18 day of July, 2007.

CORPORATION COMMISSION OF OKLAHOMA



JEFF CLOUD, CHAIRMAN



BOB ANTHONY, COMMISSIONER

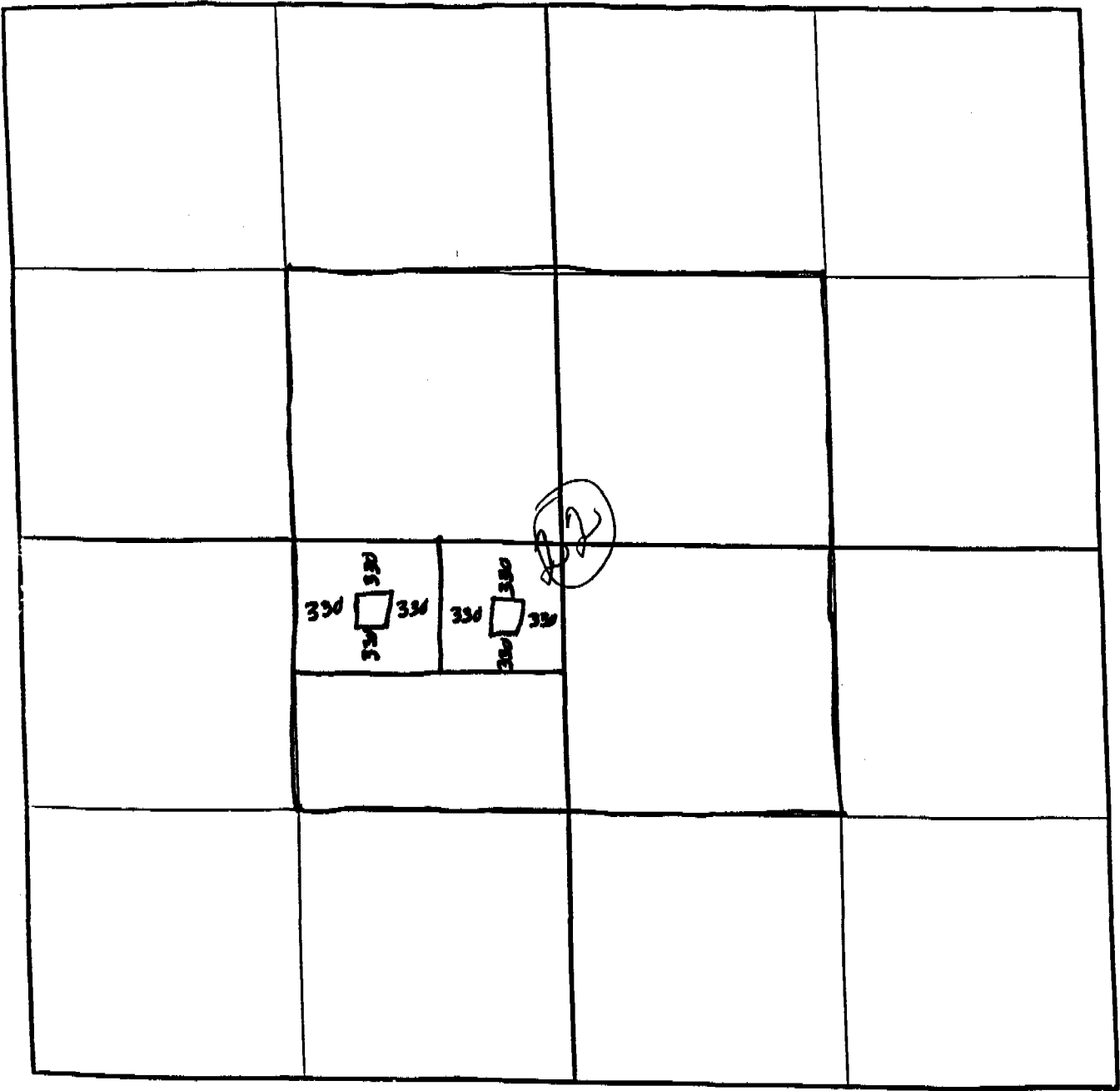


JIM ROTH, COMMISSIONER

ATTEST


PEGGY MITCHELL, COMMISSION SECRETARY

062707/ml



40 acre drilling and spacing units for the production of oil and gas from the Red Fork, Bartlesville, Booch , Dutcher, Union Valley, Mississippian, Viola, Simpson and Arbuckle common sources of supply underlying the N/2 SW/4 of Section 22, Township 15 North, Range 11 East, Okmulgee County, Oklahoma, with said 40 acre units being comprised of the governmental quarter quarter sections of the subject acreage with the permitted well locations not being less than 300 feet from the unit boundary.

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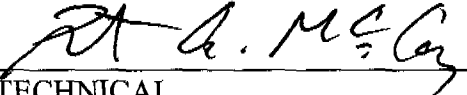
REPORT OF THE ADMINISTRATIVE LAW JUDGE

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

APPROVED:


ADMINISTRATIVE LAW JUDGE

July 16, 2007
DATE


TECHNICAL

16 July 07
DATE