

**BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA**

APPLICANT: TRIAD ENERGY, INC.)	CAUSE CD NO.
)	
RELIEF SOUGHT: DRILLING AND SPACING UNITS)	200901936
)	
LEGAL DESCRIPTION: SE/4 SECTION 9, T1N, R2W, GARVIN COUNTY, OKLAHOMA)	ORDER NO.
)	<u>570979</u>

ORDER OF THE COMMISSION

This Cause came on for hearing before Paul Porter, Administrative Law Judge for the Oklahoma Corporation Commission, on the 9th day of July, 2009, and, on oral motion to re-open, on the 8th day of October, 2009, at 8:30 a.m., Jim Thorpe Building, Oklahoma City, Oklahoma, for the purpose of hearing, taking testimony, and reporting findings and recommendations to the Commission. Russell James Walker, attorney, appeared for the Applicant, Triad Energy, Inc. 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 Triad Energy, Inc. for an Order (i) establishing 160-acre drilling and spacing units for the production of gas from the Pontotoc, Cisco, Hoxbar, First Deese (Abernathy), Second Deese (Pharoah), Third Deese (Gibson), Fourth Deese (Hart), Fifth Deese (Osborn), Springer, Caney, Sycamore, Woodford, and Hunton common sources of supply underlying SE/4 Section 9, T1N, R2W, Garvin County, Oklahoma and (ii) vacating (A) Order No. 27000 insofar as it created 40-acre drilling and spacing units for the Hunton Lime common source of supply in W/2 SE/4 Section 9 and (B) Order No. 216106 insofar as it created (1) 40-acre drilling and spacing units for the First Deese (Abernathy), Second Deese (Pharoah), Third Deese (Gibson), and Fourth Deese (Hart) common sources of supply and (2) 80-acre drilling and spacing units for the Springer, Caney, Sycamore, Woodford, and Hunton common sources of supply in SE/4 Section 9, T1N, R2W, Garvin County, Oklahoma. On oral motion to re-open, the Application was dismissed as to the Fifth Deese (Osborn) because the Fifth Deese (Osborn) is not prospectively productive of oil and gas in the area covered by the Application.

2. That the Commission has jurisdiction over the subject matter herein; the Affidavit for publication service filed herein reflects the identity of all parties subject hereto, whether addresses are known or unknown; the Commission has made an inquiry into the factual issues of due diligence and an adjudicative inquiry into the sufficiency of the search to ascertain the whereabouts of parties served solely by publication and finds that a meaningful search has been made of the reasonably available sources to ascertain the whereabouts of those parties whose addresses are unknown and finds that the process was proper and that due diligence has been exercised; notice has been given to all parties in all respects as required by law and by orders, rules, and regulations of the Commission. The Applicant owns an oil and gas interest in the area covered by the Application.

3. That seismic and other evidence indicates a structure which in part underlies SE/4 Section 9 but no other portions of Section 9. Historic evidence indicates that natural gas was produced and flared but not sold in surrounding area in early years of production in the area. Applicant showed that the common sources of supply affected by this Order are likely to produce predominately natural gas and

that one well will adequately, efficiently, and economically drain at least 160 acres. The formations insofar as they underlie SE/4 Section 9 are parts of the same common sources of supply for which drilling and spacing units have already been established by Order No. 557156 in Section 15. The purview of Order No. 557156 should be extended to include SE/4 Section 9.

4. That each drilling and spacing unit established should be the proration unit for the well authorized to be drilled thereon; each actual or prospective common source of supply, named below, reasonably will underlie the lands as shown in Order below and is expected to be encountered at the depths shown; each common source of supply should be classified, with drilling and spacing units and well locations established, as follows:

<u>Common Source of Supply</u>	<u>Classification and Depth</u>	<u>Unit Size (Acres)</u>	<u>Well Location</u>
Pontotoc	Gas - 1,200'	160	Not closer than 660'
Cisco	Gas - 2,100'	160	to the boundary of
Hoxbar	Gas - 4,700'	160	SE/4 Section 9.
First Deese (Abernathy)	Gas - 6,800'	160	"
Second Deese (Pharoah)	Gas - 6,900'	160	"
Third Deese (Gibson)	Gas - 7,000'	160	"
Fourth Deese (Hart)	Gas - 7,100'	160	"
Springer	Gas - 7,200'	160	"
Caney	Gas - 7,700'	160	"
Sycamore	Gas - 8,100'	160	"
Woodford	Gas - 8,400'	160	"
Hunton	Gas - 8,900'	160	"

5. That one well is authorized to be drilled on each drilling and spacing unit; the one well authorized for each drilling and spacing unit is necessary effectively and efficiently to drain the portion of the common source of supply underlying the drilling and spacing unit upon which the one well is situated; the portion of the common source of supply attributed to each unit can be or will be effectively and efficiently drained by the well on each drilling and spacing unit; each common source of supply is a natural accumulation of natural gas, oil, or both, as classified in Order below, which is confined by impermeable rock and characterized by a single natural pressure system.

6. That to prevent or assist in preventing the various types of waste prohibited by statute or any of said wastes or to protect or assist in protecting the correlative rights of interested parties, it is required that the Commission establish drilling and spacing units and well locations as set out under Order below.

ORDER

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

1. That each drilling and spacing unit established shall be the proration unit for the one well authorized to be drilled and produced thereon; drilling and spacing units be and the same are hereby established as follows for the:

Common Source of Supply	Classification and Depth	Drilling and Spacing Unit Size
Pontotoc	Gas - 1,200'	160 acres
Cisco	Gas - 2,100'	160 acres
Hoxbar	Gas - 4,700'	160 acres
First Deese (Abernathy)	Gas - 6,800'	160 acres
Second Deese (Pharoah)	Gas - 6,900'	160 acres
Third Deese (Gibson)	Gas - 7,000'	160 acres
Fourth Deese (Hart)	Gas - 7,100'	160 acres
Springer	Gas - 7,200'	160 acres
Caney	Gas - 7,700'	160 acres
Sycamore	Gas - 8,100'	160 acres
Woodford	Gas - 8,400'	160 acres
Hunton	Gas - 8,900'	160 acres.

by extending the purview of Order No. 557156 from Section 15 to include SE/4 Section 9; (A) Order No. 27000 insofar as it created 40-acre drilling and spacing units for the Hunton Lime common source of supply in W/2 SE/4 Section 9 and (B) Order No. 216106 insofar as it created (1) 40-acre drilling and spacing units for the First Deese (Abernathy), Second Deese (Pharoah), Third Deese (Gibson), and Fourth Deese (Hart) common sources of supply and (2) 80-acre drilling and spacing units for the Springer, Caney, Sycamore, Woodford, and Hunton common sources of supply in SE/4 Section 9 are vacated, all in T1N, R2W, Garvin County, Oklahoma.

2. That the drilling and spacing units shall be SE/4 Section 9.
3. That each well hereafter drilled on each drilling and spacing unit must be drilled not closer than 660 feet to the boundary of SE/4 Section 9.
4. That, when there are two (2) or more separately owned tracts or undivided interests separately owned within any drilling and spacing unit, the owners thereof may validly pool their interests and develop the drilling and spacing unit as a unit; where, however, such owners have not agreed so to pool their interests and to develop the drilling and spacing unit as a unit, subject to the laws and regulations of the United States of America dealing with restricted Indians, their rights and equities shall be pooled and adjudicated as provided in subsection e, Section 87.1, Title 52, Okl. Stat., as amended.
5. That, for the purposes of this Order, the owner or owners of oil and gas rights in and under a tract of land within the drilling and spacing unit not subject to an oil and gas lease shall be regarded as a lessee to the extent of a seven-eighths (7/8ths) interest in and to said oil and gas rights and a lessor to the extent of the remaining one-eighth (1/8th) interest therein.
6. That no more than one (1) well shall hereafter be produced from the common sources of supply named above on any drilling and spacing unit established hereby, and the permitted well on any drilling and spacing unit established hereby 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, Okl. Stat., as amended.

7. That attached and a part hereof as Exhibit "A" is a plat of the drilling and spacing units established by this Order and the permitted well locations therefor.

CORPORATION COMMISSION OF OKLAHOMA

Bob Anthony
BOB ANTHONY, Chairman

Jeff Cloud
JEFF CLOUD, Vice-Chairman

Dana L. Murphy
DANA L. MURPHY, Commissioner

DONE AND PERFORMED this 20 day of October, 2009.

BY ORDER OF THE COMMISSION:

Peggy Mitchell
PEGGY MITCHELL, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

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

Approved:

Paul Porter
Paul Porter
Administrative Law Judge

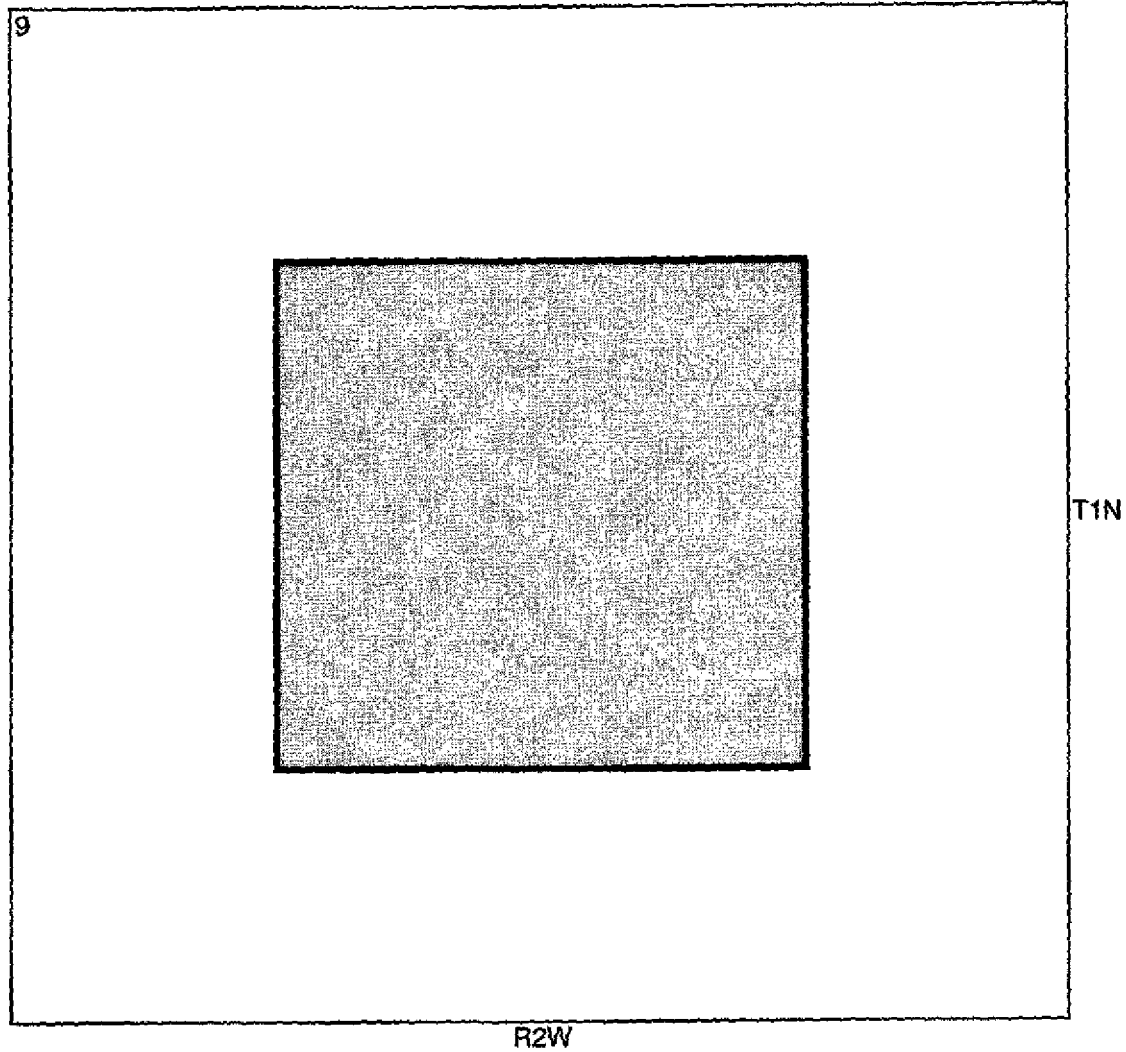
OCT. 12, 2009
Date

Pat A. McLaughlin
Technical Review

10/16/09
Date

TRIAD ENERGY, INC.
CAUSE CD NO. 200901936

EXHIBIT "A"
SE/4 Section 9, T1N, R2W,
Garvin County, Oklahoma



Pontotoc, Cisco, Hoxbar, First Deese (Abernathy), Second Deese (Pharoah),
Third Deese (Gibson), Fourth Deese (Hart), Springer,
Caney, Sycamore, Woodford, and Hunton common sources of supply

160-acre drilling and spacing units

Well pattern: not closer than 660 feet to the unit boundary