

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: DEVON ENERGY PRODUCTION COMPANY,
L.P.

CAUSE CD NO.

RELIEF SOUGHT: ESTABLISH HORIZONTAL DRILLING
& SPACING UNIT

201207574

LANDS COVERED: SECTION 1, TOWNSHIP 21 NORTH,
RANGE 1 EAST, NOBLE COUNTY, OKLAHOMA

ORDER NO.

606329

ORDER OF THE COMMISSION

This cause came on for hearing before Paul Porter, Administrative Law Judge for the Corporation Commission of Oklahoma, on the 18th day of December, 2012, 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 her/his findings and recommendations to the Commission.

David E. Pepper, Attorney, appeared for the Applicant, Devon Energy Production Company, L.P.

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. requesting that the Commission establish a 640-acre horizontal drilling and spacing unit for the Mississippian, Woodford and Misener-Hunton common sources of supply underlying Section 1-21N-1E, Noble County, Oklahoma, by establishing new spacing. Further, the unit should be formed as a governmental section, with the permitted well to be drilled no closer than 660 feet to the unit boundary.

2. That at the time of the hearing, the Application was amended to reflect that the Woodford common source of supply should be drilled no closer than 330 feet to the unit boundary.

3. That the Commission has jurisdiction over the subject matter herein:

(a) That notice was given to all parties entitled to share in production from the subject area;

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(b) That a diligent inquiry was made by Applicant to locate those parties who did not receive mailings;

(c) That an examination of all available sources was conducted to determine the appropriate address of each party;

(d) Notice was given in all respects as required by law under the Rules of the Commission.

4. That Applicant owns an oil and gas interest in the area covered by the Application in this cause, which entitles Applicant to drill for and produce oil and gas from the lands covered by the Application.

5. That, from the evidence, it appears that the common source of supply named in paragraph 1 above will underlie the Section 1-21N-1E, Noble County, Oklahoma; that the horizontal drilling and spacing unit is formed as set forth in paragraph 1 above; that the size of the horizontal well drilling and spacing unit set out in said paragraph 1 is the minimum which should be established for the common source of supply named in said paragraph 1. That the permitted well in the horizontal well drilling and spacing unit established hereby is necessary to effectively and efficiently drain the portion of the common source of supply (reservoir) covered by such horizontal well drilling and spacing unit, there being no existing well within the horizontal well drilling and spacing unit which can effectively and efficiently drain the portion of the common source of supply (reservoir) covered by such horizontal well drilling and spacing unit.

6. That to prevent, or assist in preventing, the various types of waste prohibited by statute, or any said wasters, or to protect or assist in protecting the correlative rights of interested parties, the Commission should and does hereby establish a single horizontal well drilling and spacing unit as set out under "Order" below.

ORDER

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

1. The requested relief is hereby granted. The following common source of supply is established as a 640-acre horizontal drilling and spacing unit underlying Section 1-21N-1E, Noble County, Oklahoma:

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COMMON SOURCE OF SUPPLY	CLASSIFICATION	DEPTH	HORIZONTAL UNIT SIZE- ACRES
MISSISSIPPIAN	OIL AND GAS CONDENSATE	4,300'	640-ACRES
WOODFORD	OIL AND GAS CONDENSATE	4,500'	640-ACRES
MISENER-HUNTON	OIL AND GAS CONDENSATE	4,525'	640-ACRES

by establishing new spacing.

2. That the horizontal drilling and spacing unit is established as a governmental section, with the permitted well to be drilled no closer than 660 feet to the unit boundary as to the Mississippian and Misener Hunton common sources of supply and no closer than 330 feet to the unit boundary as to the Woodford common source of supply.

3. The horizontal well unit may exist concurrently with producing non-horizontal drilling and spacing units.

4. This horizontal unit shall supercede existing non-developed non-horizontal drilling and spacing units.

5. That all royalty interests within said horizontal well drilling and spacing unit are pooled and unitized and each royalty owner shall share in the one-eighth of all production from any well thereon in the proportion that the acreage owned by each such royalty owner bears to the entire acreage in the horizontal well drilling and spacing unit.

6. That when there are two or more separately owned tracts or undivided interests separately owned within said horizontal well drilling and spacing unit established hereby, the owners thereof may validly pool their interests and develop the horizontal well drilling and spacing unit as a unit, that where, however, such owners have not agreed to so pool their interests and to develop the horizontal well drilling and spacing unit as a unit, their rights and equities shall be pooled and adjudicated as provided in subsection e, Section 87.1, Title 52, O.S.

7. That no more than one well shall hereafter be produced from the common source of supply named above on said horizontal well drilling and spacing unit established hereby and the permitted well on said horizontal well drilling and spacing unit established hereby shall be drilled only at the location thereon as described 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, O.S.

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8. That the permitted well authorized for the horizontal well drilling and spacing unit established hereby is necessary to effectively and efficiently drain the portion of the common source of supply (reservoir) covered by such horizontal well drilling and spacing unit, there being no existing well within such horizontal well drilling and spacing unit.

This Order shall alter the well spacing rules and requirements previously applicable to the common source of supply (reservoir) underlying the horizontal well drilling and spacing (proration) unit, established by this Order by superceding the provisions of OCC-OGR 165:10-1-21, General Well Spacing Requirements, to the extent such provisions are inconsistent with this Order.

9. The allowable for the horizontal well drilled on the above-described horizontal drilling and spacing unit shall be determined by OCC rules. No underproduction will be accumulated during the drilling and testing, and the proposed well will not accrue any overage as long as any production occurring before assignment of an allowable does not exceed the allowable ultimately assigned to the well.

10. That attached hereto and made a part hereof as Exhibits "A" and "B" are plats of the horizontal well drilling and spacing unit established by this Order and the permitted well therefor.

DONE AND PERFORMED this 8 day of January, ~~2012~~ ²⁰¹³

CORPORATION COMMISSION OF OKLAHOMA

Patrice Douglas

PATRICE DOUGLAS, Chairman

Bob Anthony

BOB ANTHONY, Vice Chairman

Dana L. Murphy

DANA L. MURPHY, Commissioner


ATTEST:

Peggy Mitchell
Peggy Mitchell, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

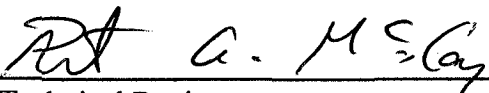
The foregoing findings and order are the report and recommendations of the Administrative Law Judge.

Approved:



Administrative Law Judge

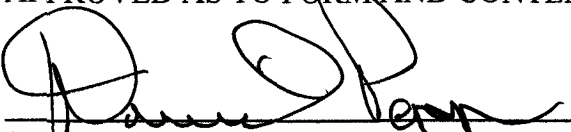
DEC. 21, 2012
Date



Technical Reviewer

1/4/13
Date

APPROVED AS TO FORM AND CONTENT:

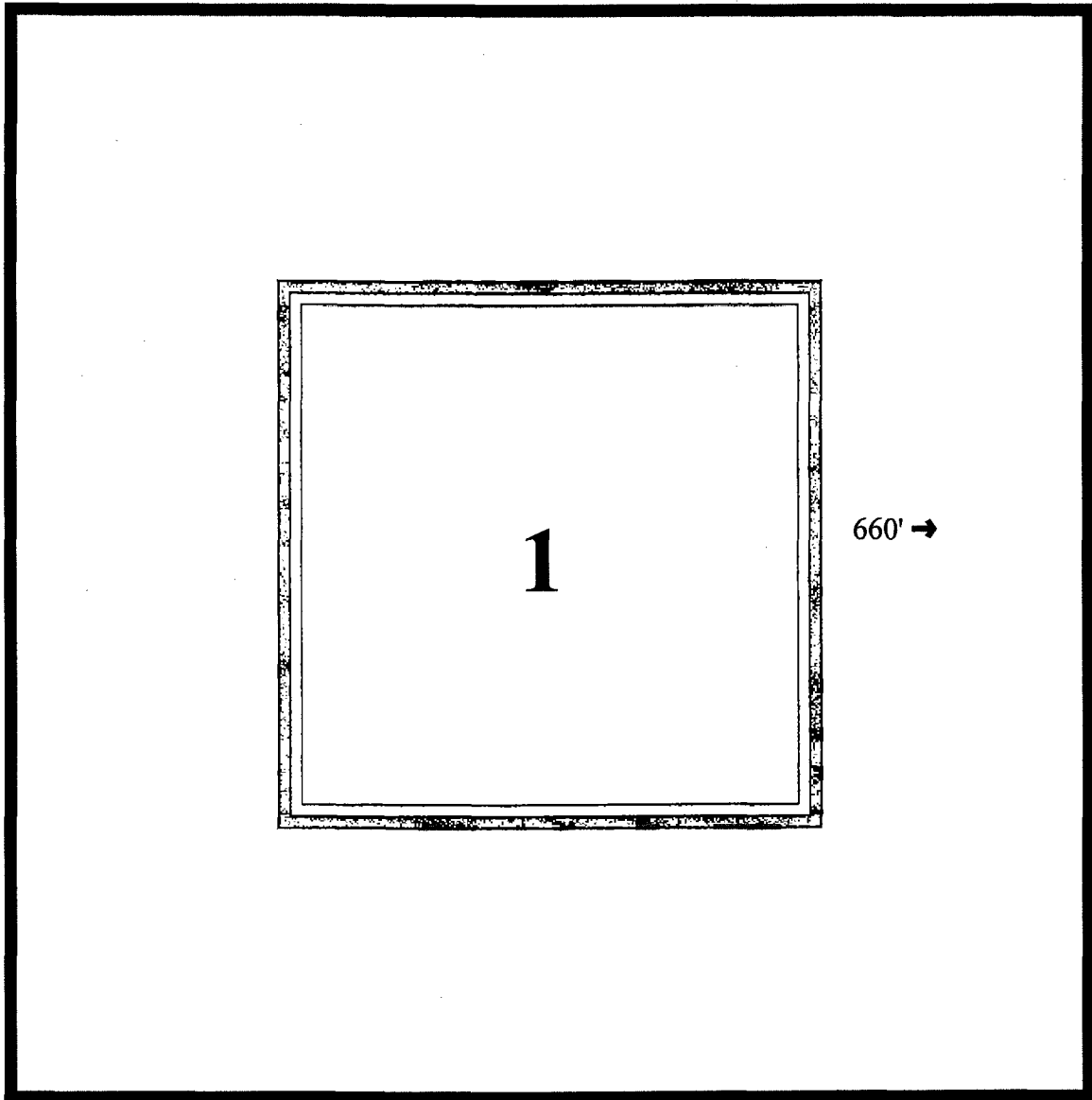


David E. Pepper

EXHIBIT "A"

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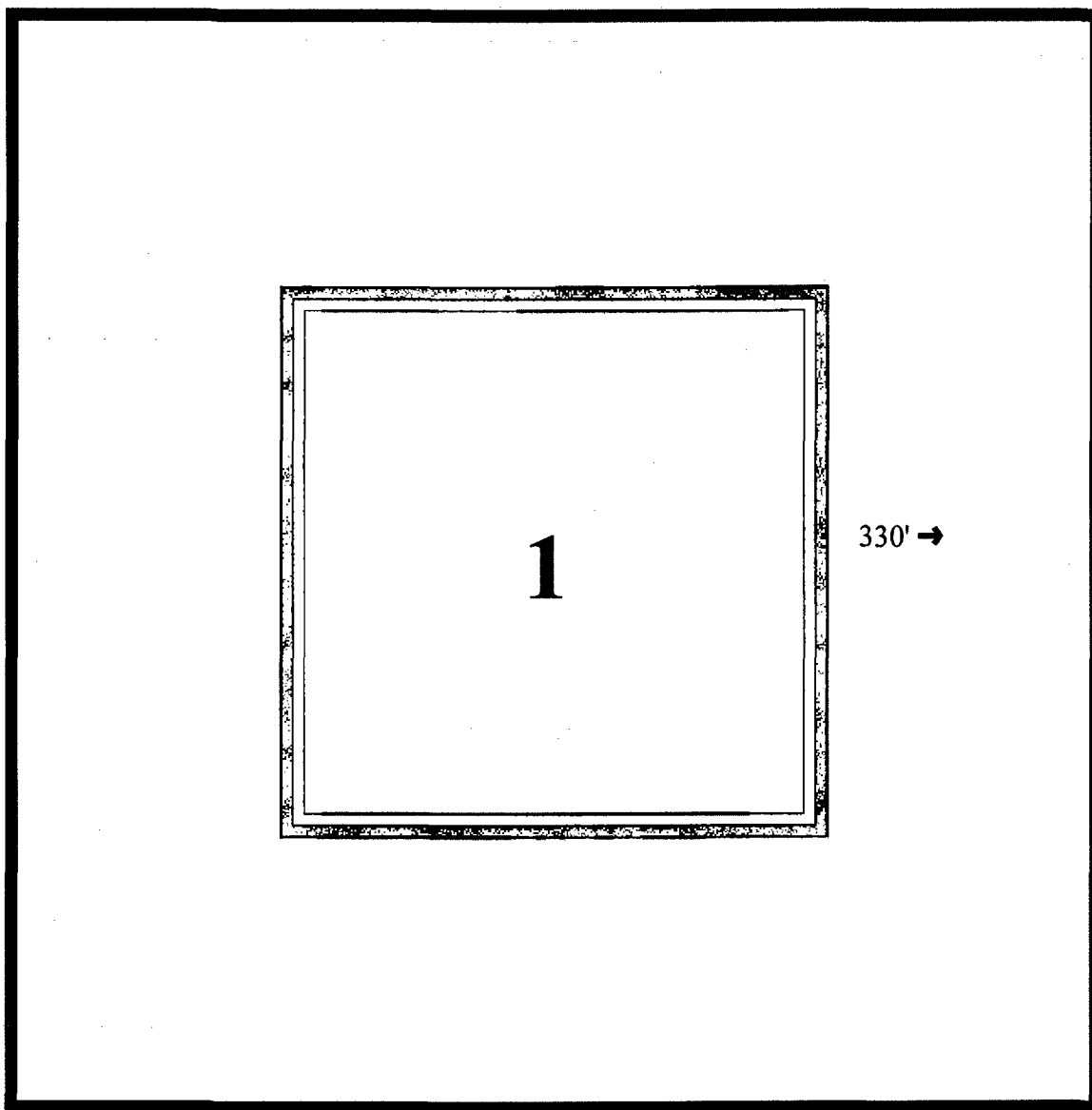


A 640-acre horizontal drilling and spacing unit is established for the Mississippian and Misener-Hunton common source of supply underlying Section 1-21N-1E, Noble County, Oklahoma, by establishing new spacing. Further, the unit is formed as a governmental section with the permitted horizontal well from its point of entry and along any part of the lateral shall be located no closer than 660 feet from the boundary of said drilling and spacing unit.

EXHIBIT "B"

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DEVON ENERGY PRODUCTION COMPANY, L.P.



A 640-acre horizontal drilling and spacing unit is established for the Woodford common source of supply underlying Section 1-21N-1E, Noble County, Oklahoma, by establishing new spacing. Further, the unit is formed as a governmental section with the permitted horizontal well from its point of entry and along any part of the lateral shall be located no closer than 330 feet from the boundary of said drilling and spacing unit.