BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: CONTINENTAL RESOURCES, INC.

CAUSE CD NO. 201302374

RELIEF SOUGHT: POOLING

ORDER NO.

LANDS COVERED: SECTION 25, TOWNSHIP 6 NORTH,

RANGE 5 WEST, GRADY COUNTY, OKLAHOMA

611847

ORDER OF THE COMMISSION

This cause came on for hearing before Paul Porter, Administrative Law Judge for the Corporation Commission of Oklahoma, on the 22nd day of April, 2013, 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, CONTINENTAL RESOURCES, 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 Continental Resources, Inc. for an order pooling interests and adjudicating rights and equities of oil and gas owners in the Virgil, Tonkawa, Hoxbar, First Deese, Second Deese, Gibson, Hart, Osborne, Atoka, Morrow, Springer, Mississippian, Woodford and Hunton common sources of supply underlying Section 25-6N-5W, Grady 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 25-6N-5W, Grady County, Oklahoma is a 640-acre drilling and spacing unit for the production of hydrocarbons from the Virgil, Tonkawa, Hoxbar, First Deese, Second Deese, Gibson, Hart, Osborne, Atoka, Morrow, Springer, Mississippian, Woodford and Hunton common sources of supply, heretofore established by Order Nos. 167964, 607356 and 106361.
- 4. That Continental Resources, Inc. 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 Continental Resources, Inc. proposes to drill a well in Section 25-6N-5W, Grady County, Oklahoma, to a depth sufficient to test the Virgil, Tonkawa, Hoxbar, First Deese, Second Deese, Gibson, Hart, Osborne, 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 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. Special Finding: That Applicant intends to treat all common sources of supply in the aggregate, as a single unit. The Applicant intends to test all up-hole zones to determine if they are potentially productive. The Applicant has discovered productive common sources of supply in other horizontal wellbores. No other party requested that the common sources of supply be treated separately.
- 7. 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:

l. That Continental Resources, Inc. proposes to drill a well in Section 25-6N-5W, Grady County, Oklahoma, a drilling and spacing unit for the Virgil, Tonkawa, Hoxbar, First Deese, Second Deese, Gibson, Hart, Osborne, 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 - \$4,104,000.00 Completed for production - \$8,730,000.00

<u>Cash bonus of \$850 per acre plus a total royalty of 1/8</u> as more fully set forth below:

2b. That \$850 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 7/8 interest shall be required to elect option 2c or to participate in the drilling of the well;

Cash bonus of \$800 per acre plus a total royalty of 3/16 as more fully set forth below:

2c. That \$800 per acre, plus a proportionate share of an overriding or excess royalty of 1/16 of 8/8 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 13/16 interest shall be required to elect option 2d or to participate in the drilling of the well;

No cash bonus plus a total royalty of 1/4 as more fully set forth below:

2d. In lieu of such cash b onus, an owner may elect to have delivered unto him, as his just and fair share of production from such well, in addition to the normal 1/8 royalty interest as defined in 52 O.S. Section 87.1(e), his proportionate part of an excess or overriding royalty of 1/8 of 8/8 on oil and gas from any well drilled under this Order, same to be delivered into the lease tank or the pipeline to which said well is connected, free and clear of all costs, expenses and risks incurred in or in

connection with the drilling, testing, completing, equipping, operating and producing of the well covered hereby.

Provided, however, in the event the oil and gas interest of any owner is subject to any royalty, overriding royalty or other payments out of production which will create a burden on such interests, in excess of the normal 1/8 royalty defined above, then such excess royalty, overriding royalty or other payment out of production should be charged against the overriding royalty as hereinabove set forth, and the same should be reduced by the amount of any such excess.

- 3. That any owner of the right to drill in said drilling and spacing unit who has not agreed with Continental Resources, Inc. to develop said unit and common sources of supply shall be afforded the following election as to all or any portion of his interest:
 - 3a. To participate in the development of the unit and common sources of supply by agreeing to pay such owner's proportionate part of the actual costs of the well covered hereby, and by paying, as set out herein, to Applicant, such owner's proportionate part of the estimated completed for production costs thereof as set out in paragraph 2a above, or by securing or furnishing security for such payment satisfactory to the Applicant; in all events, such owner's cost in said well should not exceed his proportionate part of the actual or reasonable costs thereof which should be determined by the Commission in the event there is a dispute as to such costs; the payment of such owner's proportionate part of the estimated costs of said well, or the securing of such costs or the furnishing of security therefor, as aforesaid, should be accomplished within 25 days from the date of this Order, PROVIDED the Applicant will allow the respondents to pay their share of the costs upon notice no sooner than sixty (60) days prior to spud, with respondent having 10 days to pay; or such owner's proportionate part of the costs of and the production from such well and unit to be in proportion to the number of acres such owner has in the unit; or
 - 3b. To receive the cash bonus, plus share of production as set out in paragraphs 2b or 2c above, which cash bonus shall be paid or tendered, by Applicant, if same can be paid or tendered, within 35 days from the date of this Order, or if same cannot be paid or tendered, a fund therefor created for the use and benefit

of any owner accepting, or deemed to have accepted, such cash bonus, plus share of production.

- 3c. To receive in lieu of the cash bonus, plus overriding or excess royalty, as set out in paragraphs 2b or 2c above, the just and fair share of production as set out in paragraph 2d above.
- 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 20 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 paragraphs 2b or 2c 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. Owners electing paragraph 2d above shall receive the same royalty in any subsequent well.
- 6. 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 20 days from the receipt of said notice to elect whether to participate in said subsequent well or elect alternative 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 25 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 2d 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 in this Order, shall have a lien on the entire mineral leasehold estate or rights owned by the other owners therein and upon each such owner's share of the production from the unit and common sources of supply covered by this Order in order to secure the payment in full of such owner's share of the cost incurred in the development and operation upon said unit. Such liens shall be separable as to each separate owner within such unit, shall be in addition to all other rights and remedies available to the Applicant or Operator, or both, under this Order or applicable law, or both, and shall remain liens until the owner or owners drilling or operating any well located in such unit have been paid the entire amount due under the terms of this Order. By this Order, the Commission specifically authorizes and orders that the owner or owners drilling or operating, or paying for the drilling or for the operation of, one or more wells in the unit for the benefit of all the participants therein, shall be entitled to production from each such well (and the proceeds from the sale of such production) which would be received by the owner or owners for whose benefit each such well was drilled or operated, after paying their royalty, until the owner or owners drilling or operating such well or wells, as applicable, have been paid the amount due under the terms of this Order or any orders settling any dispute concerning the unpaid amount.
- 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 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.
- 9. Continental Resources, Inc. 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.

Continental Resources, Inc. PO Box 269091 Oklahoma City, OK 73126

10. Any party electing to participate shall send their well cost payment to the following address:

Continental Resources, Inc. P.O. Box 268835 Oklahoma City, OK 73126

- 11. That Continental Resources, Inc._must commence operations for the drilling and other operations with respect to the initial well covered hereby within three hundred sixty-five (365) days from the date of this Order, or this Order shall be null and void except as to the payment of cash bonuses to the owners having elected that alternative under the terms of this Order.
- 12. 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.

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

Date

Tecknical Reviewer

Date

APPROVED AS TO FORM AND CONTENT:

David E. Pepper

EXHIBIT "A"

RESPONDENTS POOLED:

- A.D. Adcock Royalty Company ATTN: J.L. Dugger
 P.O. Box 1055
 Okmulgee, OK 74447
- Black Stone Acquisitions Partners I, LP c/o Black Stone Natural Resources I, L.P. 1001 Fannin, Suite 2020 Houston, TX 77002
- 3. Chaparral Royalty Company P.O. Box 66687 Houston, TX 77266
- Colonial Royalties Limited Partnership
 P.O. Box 3460
 Broken Arrow, OK 74013
- James Paul Wagner
 1316 W. Iowa Ave.
 Chickasha, OK 73018
- 6. JW Oil & Gas, LLC 8908 N. May Ave. Oklahoma City, OK 73120
- Marathon Resources Corp., a/k/a Marathon Oil Company
 5555 San Felipe Houston, TX 77210
- Marathon Resources Corp., a/k/a Marathon Oil Company
 7301 NW Expressway, Ste. 225 Oklahoma City, OK 73132

- Merle D. Swartz, if Living, or if Deceased, their Known or Unknown Heirs, Successors and Assigns c/o Phillip R. Swartz 2005 Prather Dr. Killeen, TX 76541-8972
- Panhandle Oil and Gas, Inc. formerly Panhandle Royalty Company
 5400 N. Grand Blvd., Suite 300 Oklahoma City, OK 73112
- Pentagon Oil Company
 P.O. Box 399
 Kilgore, TX 75663
- Sempra Energy Production Company c/o PEC Minerals LP 14860 Monfort Dr. Ste. 115 Dallas, TX 75254
- Newfield Exploration Mid-Continent, Inc. One Williams Center, Suite 1900 Tulsa, OK 74172
- Northwest Oil & Gas Exploration, LLC
 125 Park Avenue, Suite LL
 Oklahoma City, OK 73102
- Northwest Oil & Gas Exploration, LLC
 P.O. Box 20310
 Oklahoma City, OK 73156
- 16. Amerada Petroleum Corporationc/o Hess Corporation1 Mckinney StreetHouston, TX 77010
- 17. Ann Ingraham Shilling P.O. Box 25144 Dallas, TX 75225

- Black Stone Natural Resources I, L.P. 1001 Fannin, Suite 2020 Houston, TX 77002
- Central National Bank of Okmulgee c/o First National Bank and Trust Co. of Okmulgee P.O. Box 1037 Okmulgee, OK 74447-1037
- Chester Lee Boevers and Sally Ann Boevers, as Co-Trustees of the Chester and Sally Boevers Living Trust dated February 7, 2013 8717 S.W. 80th Street Oklahoma City, OK 73169
- Clyde H. Dorr, if living, or if deceased, his known and unknown heirs, successors and assigns
 c/o Rod Dorr
 1624 Cullen Lane NE
 Albuquerque, NM 87112
- 22. Ernest G. Ray, if living, or if deceased, his known and unknown heirs, successors and assigns c/o Frances Ray 18200 96th St. Lexington, OK 73051
- First Christian Church, Coyle, Oklahoma
 W. Main St.
 Coyle, OK 73027
- 24. Frank C. Adams, if living, or if deceased, his known and unknown heirs, successors and assigns c/o Joann P. Adams HC 64 Box 5340 Tuskahoma, OK 74574
- Garry Boevers
 1905 Singingwood Road
 Edmond, OK 73013

- Glenn J. Smith, if living, or if deceased, his known and unknown heirs, successors and assigns
 c/o Glenn J. Smith, II
 P.O. Box 870
 Mannford, OK 74044
- Ida Ray, if living, or if deceased, her known and unknown heirs, successors and assigns c/o Sharon Ann Bryan 3515 N. Colorado Loveland, CO 80538
- Jeannine Campbell a/k/a Jeanine Campbell
 P.O. Box 2507
 Davidson, NC 28036-2507
- John R. Buckthal
 900 S. Lincoln St.
 Amarillo, TX 79101-3638
- Julia Buckthal Heberling, if living, or if deceased, her known and unknown heirs, successors and assigns c/o John R. Buckthal
 900 S. Lincoln St.
 Amarillo, TX 79101-3638
- Larry V. Russell, if living, or if deceased, his known and unknown heirs, executors and assigns c/o Marilyn Russell
 4 Ayr Drive
 Bella Vista, AR 72715-3605
- Lilliam W. Washam a/k/a Lillian W. Washam, if living, or if deceased, her known and unknown heirs, executors and assigns
 12401 Trail Oaks Dr., Apt 108
 Oklahoma City, OK 73120-1788
- 33. Lorraine Patricia Mills a/k/a Loraine Patricia Mills
 2736 Royal Bluff
 Decatur, GA 30030-5301
- 34. Mel C. Grayc/o First National Bank, Trust Dept.7201 N. 10th Street, 2nd FloorMcAllen, TX 78504

- 35. Minnie L. Wigton, if Living, or if Deceased, their Known or Unknown Heirs, Successors and Assigns c/o Ruth Ellen Sands a/k/a Ruth Ellen Sands Mitchell 499 Kings Crossing Road Winter Park, CO 80482
- National Petroleum Company c/o BP America, Inc.
 Westlake Park Blvd. Houston, TX 77079
- Sabine Corporation
 c/o PEC Minerals LP
 14860 Monfort Dr. Ste. 115
 Dallas, TX 75254
- Sally E. Hudgel a/k/a Sallie E. Hudgel, if living, or if deceased, her known and unknown heirs, successors and assigns
 5601 Bethel Pike
 Westminster Village, Apt. 144
 Muncie, IN 47302
- Stacy Ann Gray, a/k/a Stacie Ann Gray, a/k/a Stacey Ann
 c/o First Nation Bank, Trust Dept.
 7201 N. 10th Street, 2nd Floor
 McAllen, TX 78504
- 40. Stanolind Oil Company c/o BP America, Inc.501 Westlake Park Blvd. Houston, TX 77079
- 41. Stephanie Goldsberry 2 Utah Pl. Athens, OH 45701-1456
- 42. T.H. Williams, Sr., if living, or if deceased, his known and unknown heirs, successors and assigns
 c/o T.H. Williams, Jr.
 1 Bogey Lane
 Wewoka, OK 74884

- 43. Terra Rosa Royalty Corp. 10806 Timberglen Drive Houston, TX 77024
- The Amos Calpin Living Trust
 c/o Amos Calpin a/k/a Amos Galpin
 2817 10th Ave. E
 Seattle, WA 98102-3925
- 45. The Ohio Oil Company c/o Marathon Oil Company 5555 San Felipe Houston, TX 77210
- 46. The Ohio Oil Companyc/o Marathon Oil Company7301 NW Expressway, Ste. 225Oklahoma City, OK 73132
- 47. Tim Tate a/k/a Timothy Tate 3000 William Blvd. Seminole, OK 74868
- 48. Traders Investment Company c/o Pericles Petroleum Unlimited 818 NW 63rd Oklahoma City, OK 73116
- V.W. Stephens, if living, or if deceased, their known and unknown heirs, successors and assigns c/o Don Stephens
 2736 Royal Blf
 Decatur, GA 30030-5301
- W.F. Buckthal, if living, or if deceased, their known and unknown heirs, successors and assigns
 c/o John R. Buckthal
 2619 South Hayden
 Amarillo, TX 79109-2305
- W.T. Rapp, if living, or if deceased, their known and unknown heirs, successors and assigns c/o Virginia Rapp
 P.O. Box 37
 Shawnee, OK 74802

- 52. W.W. Hudgel, if Living, or if Deceased, their Known or Unknown Heirs, Successors and Assigns c/o Sallie E. Hudgel 5601 Bethel Pike Westminster Village, Apt. 144 Muncie, IN 47302
- Winston International, LLC
 408 NW 70th St.
 Oklahoma City, OK 73116

RESPONDENTS POOLED FOR CURATIVE PURPOSES:

NONE

RESPONDENTS DISMISSED:

NONE

RESPONDENTS ADDRESS UNKNOWN:

- 54. Ben G. Herned, if living, or if deceased, his known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- Carl White, if living, or if deceased, his known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- D. M. Hopkins, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- E.A. Rockhold, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- 58. E.S. Miller, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- F.A. Young, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN

- F.D. Stephens, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- F.M. Little, if Living, or if Deceased, their Known or Unknown Heirs, Successors and Assigns ADDRESS UNKNOWN
- 62. Floyd McCaughtrey, if living, or if deceased, his known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- Frances Hopkins, if living, or if deceased, her known and unknown heirs, successors and assigns
 ADDRESS UNKNOWN
- 64. Glenn D. Cohee, if living, or if deceased, his know and unknown heirs, successors and assigns ADDRESS UNKNOWN
- 65. Joe Keeler, if living, or if deceased, his known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- 66. John D. Grisham and Bessie Grisham, or their successors in trust, Co-Trustees of the Grisham Trust
 ADDRESS UNKNOWN
- 67. Known and unknown heirs, successors and assigns of Francis Maxine Sample, deceased ADDRESS UNKNOWN
- 68. Lina Dryden, if living, or if deceased, her known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- 69. Margaret Scott, or her successor(s) in trust, Trustee(s) of the Grisham Trust ADDRESS UNKNOWN
- Mr. and Mrs. J.M. Green, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN

- Myrtle M. Crouse, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- O. M. Swartz, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- 73. O.L. Long, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- Paul A. Spitzer, if living, or if deceased, his known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- R.D. Norton, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- R.N. Crouse, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- 77. S.A. Bond, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- 78. T.H. McBrayer, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- 79. The Lindsey State Bank ADDRESS UNKNOWN
- 80. B.N. Bond, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN
- B.L. Wigton, if living, or if deceased, their known and unknown heirs, successors and assigns ADDRESS UNKNOWN