BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: CONOCO INC.

IN THE MATTER OF THE APPLICATION OF
CONOCO, INC. FOR AN ORDER ESTABLISHING
PROPER DRILLING AND SPACING UNITS FOR
VARIOUS COMMON SOURCES OF SUPPLY
UNDERLYING THE NORTHWEST QUARTER
SECTION 34, TOWNSHIP 2 NORTH, RANGE
3 WEST, GARVIN COUNTY, OKLAHOMA

CAUSE CD NO. 119421
ORDER NO. 269101

FINDINGS AND ORDER

1. Trial Examiner, Hearing
Date and Place:
This Cause came on for hearing before Rex McPhail, Trial Examiner for the Corporation Commission of Oklahoma, on the 30th day of October, 1984, in the assigned Trial Examiner's courtroom, Jim Thorpe Building, Oklahoma City, Oklahoma.

2. Appearances:
John R. Reeves, Attorney, appeared for Applicant, Conoco Inc.; and Cheri M. Wheeler, Deputy General Counsel for Conservation, appeared for the Commission.

3. Notice and Jurisdiction:
Notice of the filing of the Application herein and of the time, date and place of the hearing thereon was duly and properly given in all respects as required by law and the rules of the Commission; and the Commission has jurisdiction of the subject matter and of the persons interested therein and has jurisdiction to enter this order as hereinafter set forth.

4. Amendments:
Pursuant to the request of the Technical Staff of the Commission, the Application herein was amended so as to cover the "Upper Deese" common source of supply, instead of the "Deese less Tussy". The Tussy common source of supply is a part of the Deese Group and the Upper Deese refers to the portion of the Deese Group above the top of the Tussy common source of supply as now spaced in the lands involved herein.

5. Relief Requested:
The Application, as amended as described above, in this Cause requests the Commission to enter an order establishing the initial boundaries of the Hoxbar, Upper Deese, Springer and Hunton separate common sources of supply so as to cover and include the NW¼ of Section 34, Township 2 North, Range 3 West of the IM, Garvin County, Oklahoma, and establishing 80-acre drilling and spacing units for such separate common sources of supply within such land.

6. Relief Granted:
6.1 The relief requested, as described above, is hereby granted so that the initial boundaries of the Hoxbar, Upper Deese, Springer and Hunton separate common sources of supply of oil are hereby established so as to cover and include the following described land in Garvin County, Oklahoma:

Township 2 North, Range 3 West of the IM
NW¼ of Section 34,

and 80-acre drilling and spacing units are hereby established in the above described land with respect to the above-named separate common sources of supply of oil, which are expected to be encountered in the above described land at the following set out depths, to-wit:
Common Source of Supply | Depth
--- | ---
Hoxbar | 4100 feet
Upper Deese | 7000 feet
Springer | 8100 feet
Hunton | 9350 feet

6.2 The 80-acre drilling and spacing units described in paragraph 6.1, above, are hereby formed by a line running north and south through the center of the NW\(\frac{1}{4}\) of Section 34 and the permitted well locations for such 80-acre drilling and spacing units are hereby established in the NW\(\frac{1}{4}\), NE\(\frac{1}{4}\), SE\(\frac{1}{4}\), and SW\(\frac{1}{4}\) of said Section 34. Any well hereafter drilled in any of such 80-acre drilling and spacing units described above shall be located in the proper governmental quarter-quarter section, as described above, not less than 330 feet from the boundary of such governmental quarter-quarter section.

6.3 Except as provided by law and the rules of the Commission, no more than one well shall hereafter be produced from any of the separate common sources of supply involved in this Cause in any drilling and spacing unit formed therefor by this Order; and any well hereafter drilled in any of such drilling and spacing units shall be located as set forth above, unless an exception thereto is granted by the Commission after notice and hearing.

6.4 All royalty interests within any drilling and spacing unit formed by this Order shall be communitized and each royalty owner within any such drilling and spacing unit shall participate in 1/8th of all production for any well drilled in such unit in the proportion that the acreage owned by such owners bears to the total acreage in such unit.

6.5 In the event there are divided or undivided interests in any drilling and spacing unit formed by this Order and the owners thereof are unable to agree upon the development of such drilling and spacing unit, or have not agreed to pool their interests, the Commission shall adjudicate the rights and equities of such owners as provided in 52 O.S. Supp. 1984, §87.1 and require such owners to pool and develop their interests as a unit.

7. Map Attached: Attached hereto as Exhibit "A" and made a part hereof is a map showing the outside boundaries of the surface area included in this Order, the size, form and shape of the drilling and spacing units formed by this Order and the location of the permitted well in each such drilling and spacing unit.

8. Reasons for Relief Granted: The evidence presented shows that the available geological and geophysical data indicates that the NW\(\frac{1}{4}\) of Section 34 is wholly underlain by the Hoxbar, Upper Deese, Springer and Hunton formations, as separate common sources of supply, which should be classified as separate common sources of supply of oil and the tops of which are expected to be encountered in such quarter section at the depths set forth in paragraph 6.1, above. The Hoxbar, Upper Deese, Springer and Hunton separate common sources of supply underlying the NW\(\frac{1}{4}\) of said Section 34 are each a common accumulation of oil and gas, being prospectively oil productive, separate and distinct from and not in communication with any other common accumulation of oil and/or gas. The Initial boundaries of the Hoxbar, Upper Deese, Springer and Hunton separate common sources of supply of oil should be established so as to cover and include the NW\(\frac{1}{4}\) of said Section 34. The evidence presented further shows that the cost of a well
in the NW\(\frac{1}{4}\) of said Section 34 to test the productive possibilities of the separate common sources of supply involved herein is approximately $1,100,000.00 as a producing well. The evidence presented further shows that a well in the NW\(\frac{1}{4}\) of said Section 34 in each of the Hoxbar, Upper Deese, Springer and Hunton separate common sources of supply will effectively and efficiently drain the primarily recoverable hydrocarbons in such common source of supply underlying an area of approximately 80 acres. Given the anticipated drainage areas and the well costs in the area, 80-acre drilling and spacing units are the proper size units which should be established in the NW\(\frac{1}{4}\) of said Section 34 for the economic and efficient development of the Hoxbar, Upper Deese, Springer and Hunton separate common sources of supply.

The relief requested herein is necessary to protect correlative rights, prevent the various types of waste and obtain the greatest ultimate recovery of oil and gas and such requested relief, as set forth above, should be granted in the manner set forth herein and IT IS SO ORDERED.

CORPORATION COMMISSION OF OKLAHOMA

HAMP BAKER, Chairman

NORMA EAGLETON, Vice Chairman

JAMES B. TOWNSEND, Commissioner

DONE AND PERFORMED this 27th day of NOVEMBER, 1984.

BY ORDER OF THE COMMISSION: BERDIE S. HOLT, Secretary

REPORT OF THE TRIAL EXAMINER

The foregoing findings and order are the report and recommendations of the Trial Examiner.

APPROVED:

Trial Examiner

Date

Reviewer-Technical Department

Date
APPLICANT: CONOCO, INC.

CAUSE CD NO.: 119421

TOWNSHIP 2 NORTH, RANGE 3 WEST OF THE IM
GARVIN COUNTY, OKLAHOMA

COMMON SOURCES OF SUPPLY: Hoxbar, Upper Deese, Springer and Hunton.

DRILLING AND SPACING UNITS: 80-acre units formed by a line running north and south through the center of the NW¼ of Section 34.

PERMITTED WELL LOCATIONS: Established in the NW¼ NW¼ and the SE¼ NW¼ of Section 34, not less than 330 feet from the boundary of each such quarter-quarter section.

EXHIBIT "A"

Page 1 of 1