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1-13-83

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: EXXON COMPANY, U.S.A., A Division  
of Exxon Corporation

IN THE MATTER OF:

Pooling the interests of oil and )  
gas owners, and adjudicating the )  
rights and equities in respect )  
thereto, for the Brown Dolomite, )  
Douglas, Hoxbar, Des Moines, )  
Missourian Granite Wash, Des )  
Moines Granite Wash and Skinner )  
separate common sources of )  
supply in the 640-acre drilling )  
and spacing units established )  
therefor in Section 25, Township )  
11 North, Range 18 West of the )  
I.M., Washita County, Oklahoma. )

Cause CD No. 101580

ORDER NO. 231708

REPORT OF THE COMMISSION

This Cause came on for hearing before William T. Milam, Trial Examiner for the Corporation Commission of Oklahoma, on the 3rd day of January, 1983, in the assigned Trial Examiner's Courtroom, Jim Thorpe Building, Oklahoma City, Oklahoma, for the purpose of taking testimony and reporting to the Commission pursuant to the notice given as required by law and the rules of the Commission.

Val R. Miller, and Gary Baker, Attorneys, appeared for Applicant, Exxon Company, U.S.A., a Division of Exxon Corporation; and M. Keywood Deese, Conservation Attorney, appeared for the Commission.

The Trial Examiner has heard the Cause and has filed his report recommending that the Application, as amended, be granted in the manner hereinafter set forth, which report and recommendation are hereby adopted, and the Commission therefore finds and orders as follows:

FINDINGS

1. This is the Application, of Exxon Company, U.S.A., a Division of Exxon Corporation, for an Order pooling the interests of oil and gas owners, and adjudicating the rights and equities in respect thereto, for the Separate common sources of supply described in the Caption hereof in the 640-acre drilling and spacing units established therefor in Section 25, Township 11 North, Range 18 West of the IM, Washita County, Oklahoma.

2. Notice of the filing of the Application herein and the time, place and purpose 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 parties interested herein, and has jurisdiction to enter an order herein.

3. Applicant is the owner of the right to drill a well into and produce hydrocarbons from the Separate common sources of supply described in the caption hereof, in Section 25, Township 11 North, Range 18 West of the IM, Washita County, Oklahoma.

4. By Order No. 197255 in Cause CD No. 85507, and order No. 197244, in Cause CD No. 82113 the Commission established 640-acre drilling and spacing units in said Section 25 for the Separate common sources of supply described in the caption hereof.

5. Dorsey T. Roach, a qualified and accepted Landman, appeared and offered expert testimony at the hearing on behalf of Applicant. The testimony showed that Applicant, as operator, commenced the drilling of a well in said Section 25 at a legal location in said Section, which it proposes to drill in a reasonable and diligent manner to a depth of approximately 14,000 feet, in order to test the productive possibilities of the Separate common sources of supply described in the caption hereof in said Section. The estimated cost of a dry hole for said well is \$1,485,000.00, and the estimate cost for a completed producing well is \$2,675,000.00.

6. The testimony further showed that Applicant has exercised due diligence to locate each of the Respondents named herein, and has made a bona fide effort to reach an agreement with each such Respondent, who could be located, as to how the unit involved in this Cause would be developed. At the request of Applicant, Respondents, Donald E. Bose, Yvonne Bose Baker, Edward J. Bose Jr., Lucille Streeb, Dolores M. Messick, Estate of Margaret Bose, Marjorie Bose, Robert E. Bose, Leona Bose Moore and James E. Bose were dismissed from the proceeding. The other Respondents named herein have not agreed with Applicant to pool their interests or made other arrangements with Applicant respecting the drilling of the well involved herein. Therefore, the interests of such oil and gas owners should be pooled and the respective rights and equities of such owners should be adjudicated. The Respondents whose interests are pooled herein are:

Grace Petroleum Corporation  
 El Paso Natural Gas Co.  
 Neva L. Harris  
 Fifteen Below, Ltd.  
 An-Son Corporation  
 Farmers United Cooperative Pool  
 El Paso Exploration Co.  
 Nina L. Kridler  
 Spectra Energy Corporation  
 Paul R. Boyd  
 Gas Land, Inc.

ONG Exploration, Inc.

ONEOK Exploration Company

Robert W. Moore

Ennex Limited II

7. In order to avoid the drilling of unnecessary wells and to protect the correlative rights of all owners with respect to the separate common sources of supply described in the caption hereof in said Section 25 the owners of the right to drill who have not heretofore agreed with Applicant respecting the drilling of the above described well should be required to pool their interests and develop the drilling and spacing units established in said Section 25 for the separate common sources of supply indicated, as a unit, upon the terms and conditions set out in the ordering portion of this Order, all of which terms and conditions are found hereby, after consideration of the evidence presented in this Cause, to be supported by substantial evidence and to be just and reasonable and such as will afford each owner in such unit the opportunity to recover or receive, without unnecessary expense, each such owner's just and fair share of the production from such unit.

ORDER

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

1. The rights of the owners who have not heretofore agreed with Applicant respecting the drilling of the well hereinabove referred to, to test the productive possibilities of the Brown Dolomite, Douglas, Hoxbar, Des Moines, Missourian Granite Wash, Des Moines Granite Wash and Skinner separate Common Sources of Supply in the 640-acre drilling and spacing units established therefor in Section 25, Township 11 North, Range 18 West of the IM, Washita County, Oklahoma, and respecting the development of such drilling and spacing units for the production of oil and gas therefrom, are hereby pooled, adjudicated and determined.

2. Exxon Company, U.S.A., a Division of Exxon Corporation, is hereby designated as operator of the proposed well in the drilling and spacing units and separate common sources of supply covered hereby, and all communication with such operator shall be addressed to it as follows:

Exxon Company, U.S.A., a Division  
of Exxon Corporation  
2000 Classen Center-East  
Oklahoma City, Oklahoma 73106

3. For the purpose of this Order, the sum of \$1,485,000.00 is fixed as the cost of a dry hole for said above described well, and the sum of \$2,675,000.00 is fixed as the cost of drilling, completing and equipping said well as a producing well. In the event there is a dispute as to such cost, after the work has been done, the Commission retains jurisdiction of this Cause for the purpose of re-determining such costs, including a reasonable charge for supervision.

4. The owners of drilling rights herein pooled by Applicant are set forth and identified in Paragraph 6 of the Findings portion of this Order.

5. Each party owning drilling rights herein pooled by Applicant is hereby accorded the following options, each of which is hereby determined to be fair and reasonable compensation and such as will afford each such owner in such unit the opportunity to recover or receive, without unnecessary expense, each such owner's just and fair share of the production from such unit:

(a) To participate in the proposed well by paying such Respondents' proportionate share of the well costs, or;

(b) In lieu of participating, electing to receive \$1,500.00 cash per net mineral acre, plus an excess or overriding royalty of 1/16th of 8/8ths on oil and gas (in addition to the statutory 1/8th royalty), with such excess or overriding royalty to be reduced by any excess royalty or other burdens on Respondents' interests over and above the statutory 1/8th royalty; and

(c) In lieu of participating, electing to receive no cash and an overriding royalty of 1/8th of 8/8ths on oil and gas (in addition to the statutory 1/8th royalty), with such overriding royalty to be reduced by any excess royalty or other burden over and above the statutory 1/8th royalty; provided, however, if such Respondent's interest is subject to burdens in excess of 3/16ths of 8/8ths of oil and gas, then such Respondent is entitled to only option (a) or (c) or (d); and

(d) In the event any Respondent's interest is subject to burdens totalling in excess of 1/4 of 8/8ths of oil and gas, then such Respondent is entitled to option (a) or to receive the sum of \$25.00 per acre cash consideration for each net mineral acre, with no additional consideration or bonus.

6. Respondents are hereby given fifteen (15) days from the date of this Order within which to file elections; any party electing to participate in the well is hereby given twenty (20) days from the date of the Order within which to pay or furnish satisfactory security for the payment of such Respondent's proportionate share of the well costs; the operator shall have thirty (30) days to pay or tender any cash sum becoming due under the Order; operator shall have the right to continue the drilling of the well, which has been commenced, with due diligence until completion; should a Respondent elect to participate in a proposed well but fail to pay or furnish satisfactory security for the payment of the well costs within the time allowed, said Respondent will then be deemed to have elected the cash bonus with the overriding royalty; if a Respondent should elect to participate in the well but fail to pay or furnish adequate security for the well cost to the operator, any sum becoming due and payable to such Respondent must be paid within thirty (30) days after the last date on which Respondent could have paid or furnished satisfactory security for the payment of the well cost.

7. In the event any cash sum which becomes payable by Applicant under this Order cannot be paid, or any Respondent refuses to accept such cash sum, or any Respondent's interest in the units involved in this Cause has a defect or cloud on the title thereto, Applicant shall create a fund with such cash sum for the use and benefit of such


Respondent until such cash sum can be paid to such Respondent, or such Respondent accepts the cash sum, or until such title defect or cloud is cured or removed to the satisfaction of Applicant. Such funds shall not be commingled with other funds of applicant, and shall be held for the sole benefit of the party entitled thereto.

8. Applicant, or its Attorney, shall file an Affidavit with the Corporation Commission within ten (10) days from the date of this Order, stating that a true and correct copy of this Order was mailed within five (5) days from the date of this Order to each Respondent whose interest is pooled by this Order and who could be served. The name and address of each such Respondent shall be set out in the Affidavit, if know.

DONE AND PERFORMED this 18 day of JANUARY,  
1983.

CORPORATION COMMISSION OF OKLAHOMA

  
\_\_\_\_\_  
HAMP BAKER, Chairman

  
\_\_\_\_\_  
NORMA EAGLETON, Vice Chairman

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JAMES B. TOWNSEND, Commissioner

ATTEST:

  
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BERDEE S. HOLT, Secretary