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5/15/18

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: CITIZEN ENERGY II, LLC)
RELIEF SOUGHT: POOLING) CAUSE CD NO. 201801316T
LEGAL SECTION 4, TOWNSHIP)
DESCRIPTION: 15 NORTH, RANGE 16) **678269**
WEST, CUSTER) ORDER NO. _____
COUNTY, OKLAHOMA)

ORDER OF THE COMMISSION

Administrative Law Judge, Date and Place of Hearing:

This cause came on for hearing before Andrew Dunn, Administrative Law Judge for the Corporation Commission of Oklahoma on the 10th day of April, 2018, at 8:30 a.m., Commission Courtroom, Eastern Regional Office, Suite 114, 440 South Houston, Tulsa, Oklahoma, for the purpose of hearing, taking testimony and reporting his findings and recommendations to the Commission. The Administrative Law Judge heard the Cause and filed a report with the Commission, which report has been considered, and the Commission therefore finds, adjudicates and orders as follows:

Appearances:

William H. Huffman, Attorney, appeared for the Applicant, Citizen Energy II, LLC and Richard Grimes, Attorney, appeared for Mewbourne Oil Company.

FINDINGS

Relief Requested:

1. That this is the Application of Citizen Energy II, LLC for an Order pooling the interest and designating an operator and adjudicating the rights and equities of oil and gas owners in the Mississippian, Woodford and Hunton common sources of supply underlying Section 4, Township 15 North, Range 16 West, Custer County, Oklahoma. The respondents named in the Application are those parties shown on Exhibit "A" attached as a part hereof and incorporated into this Order by reference. If any named natural person is deceased, then the known or unknown heirs, executors, administrators, trustees, devisees and assigns, immediate and remote, of such decedent are made respondents to this Application. If any named respondent is a corporation which does not continue to have legal existence, then the known or unknown successors, trustees or assigns, if any, of such entity are made respondents to this Application.

Jurisdiction and Notice:

2. That the Commission has jurisdiction over the subject matter herein and of the persons interested therein. That the Commission conducted a judicial inquiry into the sufficiency of the Applicant's search to determine the names and whereabouts of the respondents who were served herein by publication, and based on the evidence adduced the Commission finds that the Applicant has exercised due diligence and has conducted a meaningful search of all reasonably available sources at hand. The Commission approves the publication service given herein as meeting statutory requirements and the minimum standards of state and federal due process so that notice has been given in all respects as required by law and by the rules of the Commission. That this Commission makes this finding in compliance with *Carlile v. Cotton*, 732 P.2nd 438 (Okla. 1986). That Applicant is the owner of an interest in the area covered by the Application. That Applicant has furnished the Oklahoma Corporation Commission with a plugging agreement and surety or a financial statement, as required by law and by the rules of the Commission.

Spacing:

3. That by Order No. 677011, the Corporation Commission has spaced the subject tract as 640-acre horizontal drilling and spacing units for the production of gas and gas condensate from the Mississippian, Woodford and Hunton common sources of supply.

Dismissals:

4. Applicant requested and was permitted to dismiss Sanguine Gas Exploration, LLC as a respondent.

Amendments:

5. Applicant requested Citizen Energy III, LLC be designated as operator.

Granting of Relief and Rationale:

6. That Applicant, an owner of the right to drill on said drilling and spacing unit and to develop and produce said common source of supply, has not agreed with all of the other such owners in such drilling and spacing unit to pool their interests and to develop the drilling and spacing unit and common source of supply as a single unit, and the Commission should issue this Order requiring such owners to pool and develop the drilling and spacing unit and common source of supply covered hereby. That Applicant proposes to develop said unit and the common source of supply therefor by the drilling of wells thereon and, to avoid the drilling of unnecessary wells and to protect correlative rights, all owners should be required to pool and develop the unit and common source of supply covered hereby as a single unit, upon the terms and conditions set out 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. That in the interest of the prevention of waste and the protection of the correlative rights, this Application should be and is granted, and the rights of all owners pooled and adjudicated.

The evidence showed that the Applicant has proposed to drill two initial multi-unit horizontal wells to the Woodford common source of supply. The Mississippian and Hunton formations may be penetrated in the drilling of the Woodford well. Subsequent separate development of the Mississippian and Hunton is planned as subsequent initial wells to those formations. The bonus being paid has been allocated partially to each of the respective common sources of supply as set forth below.

ORDER

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

Well Costs and Consideration Determination; Absorption of Excess Burdens:

1. That Applicant proposes the drilling of two initial multi-unit horizontal wells to the Woodford common source of supply and developing the drilling and spacing units for the Mississippian, Woodford and Hunton common sources of supply underlying Sections 4 and 9, Township 15 North, Range 16 West, Custer County, Oklahoma and Section 4, Township 15 North, Range 16 West, Custer County, Oklahoma and Section 33, Township 16 North, Range 16 West, Dewey County, Oklahoma and develop the common sources of supply as a unit, therefore, the rights and equities of all oil and gas owners covered hereby are pooled, adjudicated and determined. Said owners named in Exhibit "A" attached hereto are afforded the following elections which said owners may make with all or any part of their interest as to each proposed well and common sources of supply:

2.1 Participate:

a. **First Proposed Horizontal Well In Sections 4 and 33:** To participate in the development of the unit and Woodford common source of supply by agreeing to pay such owner's proportionate part of the actual cost of the well covered hereby and by paying, as set out herein, to Applicant, Citizen Energy III, LLC, such owner's proportionate part of the estimated completed for production cost thereof, as set out below, or by securing or furnishing security for such payment satisfactory to the Applicant; the payment of such owner's proportionate part of the estimated completed for production cost of said well, or the securing of such costs, or the furnishing of security therefor, as aforesaid, shall be accomplished **within 25 days from the date of this Order:**

Completed as a dry hole	-	\$4,608,500.00
Completed for production	-	\$9,219,558.00

in all events, such owner's cost shall not exceed its proportionate part of the actual or the reasonable cost thereof which shall be determined by the Commission in the event there is a dispute as to such costs; such owner's proportionate part of the costs of, and of the production from, any wells drilled hereunder shall be in proportion to the number of acres such owner has in the unit.

Pursuant to Multi-Unit Horizontal Well Interim Order to issue in Cause CD No. 201800774T, these costs will be allocated on an interim basis approximately 33% to Section 4, Township 15 North, Range 16 West, Custer County, Oklahoma and 67% to Section 33, Township 16 North, Range 16 West, Dewey County, Oklahoma, subject to adjustment by Final Order to issue in said cause.

PROVIDED, however, that in the event an owner elects to participate in the Section 4 and 33 well proposed to be drilled hereunder by paying his proportionate part of the costs thereof and fails or refuses to pay or to secure the payment of such owner's proportionate part of the completed for production cost as set forth herein, or fails or refuses to pay or make an arrangement with the Operator for the payment thereof, all within the periods of time as prescribed in this Order, then such owner shall be deemed to have elected that portion of the cash bonus or cash bonus plus overriding or excess royalty allocated to the Woodford common source of supply as set out in paragraphs 2.2, 2.3 or 2.4 below, with such owner being deemed to have elected the highest cash bonus for which his interest qualifies depending on the excess burdens attached to such interest, and such owner shall thereafter be deemed to have relinquished unto Applicant all of such owner's right, title, interest, or claim in and to the such well, and any well drilled subsequent thereto, and in the unit and Woodford common source of supply covered hereby, except for any normal 1/8 royalty interest, defined above, or other share in production to which such owner may be entitled by reason of an election hereunder. Thereupon, the payment of such cash bonus shall be made by Applicant within 35 days after the last day on which such defaulting owner, under this Order, should have paid his proportionate part of such costs or should have made satisfactory arrangements for the payment thereof. That the Commission shall retain jurisdiction to determine the reasonableness and necessity of the drilling, completion and operation costs to develop the unit and wells covered hereby.

An owner must participate in the First Proposed Horizontal Well in order to qualify to elect to participate in the Second Proposed Horizontal Well, therefore, if an owner elects to participate in the first proposed well in Sections 4 and 33 and perfects said election, then such owner may participate in the drilling and development of the Second Proposed Horizontal Well in Sections 4 and 9. If an owners elects or is deemed to have elected to do something other than participate in the First Proposed Horizontal Well in Sections 4 and 33, or has elected to participate and failed in perfecting said election, said owner is foreclosed from participating in the Second Proposed Horizontal Well in Sections 4 and 9 and any further development in the common source of supply.

b. **Second Proposed Horizontal Well In Sections 4 and 9:** To participate in the development of the unit and Woodford common source of supply by agreeing to pay such owner's proportionate part of the actual cost of the well covered hereby and by paying, as set out herein, to Applicant, Citizen Energy III, LLC, such owner's proportionate part of the estimated completed for production cost thereof, as set out below, or by securing or furnishing security for such payment satisfactory to the Applicant; the payment of such owner's proportionate part of the estimated completed for production cost of said well, or the securing of such costs, or the furnishing of security therefor, as aforesaid, shall be accomplished **within 25 days from the date of this Order:**

Completed as a dry hole	-	\$4,663,500.00
Completed for production	-	\$9,574,558.00

in all events, such owner's cost shall not exceed its proportionate part of the actual or the reasonable cost thereof which shall be determined by the Commission in the event there is a dispute as to such costs; such owner's proportionate part of the costs of, and of the production from, any wells drilled hereunder shall be in proportion to the number of acres such owner has in the unit.

Pursuant to Multi-Unit Horizontal Well Interim Order to issue in Cause CD No. 201800772T, these costs will be allocated on an interim basis approximately 33% to Section 4, Township 15 North, Range 16 West, Custer County, Oklahoma and 67% to Section 9, Township 15 North, Range 16 West, Custer County, Oklahoma, subject to adjustment by Final Order to issue in said cause.

PROVIDED, however, that in the event an owner elects to participate in the initial well proposed to be drilled hereunder by paying his proportionate part of the costs thereof and fails or refuses to pay or to secure the payment of such owner's proportionate part of the completed for production cost as set forth herein, or fails or refuses to pay or make an arrangement with the Operator for the payment thereof, all within the periods of time as prescribed in this Order, then such owner shall be deemed to have elected that portion of the cash bonus or cash bonus plus overriding or excess royalty allocated to the Woodford common source of supply as set out in paragraphs 2.2, 2.3 or 2.4 below, with such owner being deemed to have elected the highest cash bonus for which his interest qualifies depending on the excess burdens attached to such interest, and such owner shall thereafter be deemed to have relinquished unto Applicant all of such owner's right, title, interest, or claim in and to the such well, and any well drilled subsequent thereto, and in the unit and Woodford common source of supply covered hereby, except for any normal 1/8 royalty interest, defined above, or other share in production to which such owner may be entitled by reason of an election hereunder. Thereupon, the payment of such cash bonus shall be made by Applicant within 35 days after the last day on which such defaulting owner, under this Order, should have paid his proportionate part of such costs or should have made satisfactory arrangements for the payment thereof. That the Commission shall retain jurisdiction to determine the reasonableness and necessity of the drilling, completion and operation costs to develop the unit and wells covered hereby.

2.2 \$1,750.00 Per Acre Cash Bonus for 3/16 Royalty in Lieu of Participation and Allocation of Same to Common Sources of Supply- Unit Interest: The testimony in this case was that a cash bonus of \$1750.00 per mineral acre plus an overriding or excess royalty of 1/16 of 8/8 is a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said development of the units and all common sources of supply by paying such owner's proportionate part of the costs thereof. However, since Applicant intends to develop the Mississippian common source of supply as one unit, the Woodford common source of supply as one unit and the Hunton as a separate unit, the bonus must be allocated between said units as a party may elect differently as to each such unit. The testimony was that a fair and reasonable allocation of that bonus is an equal allocation of \$584.00 per mineral acre to the Mississippian common source of supply, \$584.00 per mineral acre to the Woodford common source of supply and \$584.00 per mineral acre to the Hunton common source of supply.

Such cash bonus shall be paid or tendered, if same can be paid or tendered, by Applicant within 35 days from the date of this order and when so paid or tendered shall be satisfaction in full for all rights and interests of such owner in the initial well proposed hereunder, in any subsequent wells, and in the unit and common sources of supply covered for which said bonus is paid, except for any normal 1/8 royalty interest as defined in 52 O.S. Section 87.1 (e). Provided, that 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 create a burden on such interest in excess of 3/16 of 8/8, then in that event such owner shall not be entitled to the option provided in this paragraph 2.2, but shall be required to either participate in said development, as described above, or to accept the alternative provided in paragraphs 2.3 or 2.4 below, and further provided, 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 create a burden on such interest in excess of the normal 1/8 royalty as defined herein, then such excess royalty, overriding royalty, or other payments out of production shall be charged against the overriding or excess royalty as set forth herein, and the same shall be reduced by the amount of any such excess. Further, any owner electing to accept the consideration set forth in this paragraph must be able to deliver on the date elections are due an 81.25% net revenue interest.

2.3 \$500.00 Per Acre Cash Bonus for 1/5 Royalty in Lieu of Participation and Allocation of Same to Common Sources of Supply- Unit Interest: The testimony in this case was that a cash bonus of \$500.00 per mineral acre plus an overriding or excess royalty of 7.5% of 8/8 is a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said development of the units and all common sources of supply by paying such owner's proportionate part of the costs thereof. However, since Applicant intends to develop the Mississippian common source of supply as one unit, the Woodford common source of supply as one unit and the Hunton as a separate unit, the bonus must be allocated between said units as a party may elect differently as to each such unit. The testimony was that a fair and reasonable allocation of that bonus is an equal allocation of \$167.00 per mineral acre to the Mississippian common source of supply, \$167.00 per mineral acre to the Woodford common source of supply and \$167.00 per mineral acre to the Hunton common source of supply.

Such cash bonus shall be paid or tendered, if same can be paid or tendered, by Applicant within 35 days from the date of this order and when so paid or tendered shall be satisfaction in full for all rights and interests of such owner in the initial well proposed hereunder, in any subsequent wells, and in the unit and common sources of supply covered for which said bonus is paid, except for any normal 1/8 royalty interest as defined in 52 O.S. Section 87.1 (e). Provided, that 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 create a burden on such interest in excess of 1/5 of 8/8, then in that event such owner shall not be entitled to the option provided in this paragraph 2.3, but shall be required to either participate in said development, as described above, or to accept the alternative provided in paragraph 2.4 below, and further provided, 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 create a burden on such interest in excess of the normal 1/8 royalty as defined herein, then such excess royalty, overriding royalty, or other payments out of production shall be charged against the overriding or excess royalty as set forth herein, and the same shall be reduced by the amount of any such excess. Further, any owner electing to accept the consideration set forth in this paragraph must be able to deliver on the date elections are due an 80.00% net revenue interest.

2.4 **That an owner can elect \$5.00, delivering the owners interest at the existing net revenue at the time of the filing of this Application:** The testimony in this case was that overburdened interest existed and in the event an overburdened owner does not participate, said owner can relinquish its interest for the compensation above as a fair, reasonable, and equitable compensation to be paid unto each owner who elects not to participate in said development of the unit and all common sources of supply by paying such owner's proportionate part of the costs thereof.

3. **Elections by Owners:** That each owner of the right to drill in said drilling and spacing units to said common sources of supply covered hereby, who has not agreed to develop said units, other than the Applicant, Citizen Energy II, LLC, shall elect which of the alternatives set out in paragraph 2 above such owner accepts, said **election to be made to Operator, Citizen Energy III, LLC, in writing, at the address below, within 20 days from the date of this Order. In addition, the tax identification number (Social Security Number or Federal Employer Identification Number) for the owner must be separately provided before any bonus or royalty can be paid to said owner.**

In the event an owner fails to provide the tax identification number, any cash bonus or royalty due under this order will be placed into an escrow account by the Operator until such tax identification number of said owner is provided to the Operator.

4. **Effect of Failure to Properly Elect:** In the event any owner fails to elect within the time and in the manner as set out above which of the alternatives set forth in paragraph 2 above any such owner accepts for any of the listed common sources of supply, then such owner shall be deemed to have elected the cash bonus plus overriding or excess royalty as set out in paragraphs 2.2, 2.3 or

2.4 above, with such owner being deemed to have accepted the highest cash bonus for which his interest qualifies depending on the excess burdens attached to such interest as provided in paragraph 2 above.

In the event any owner elects to do other than participate in the initial well proposed to be drilled hereunder to develop the Woodford common source of supply by paying its pro rata 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 such well, and any well drilled subsequent thereto, and in the unit and the Woodford common source of supply covered hereby, except for any normal 1/8 royalty interest, defined above, or other share in production to which such owner may be entitled by reason of an election hereunder.

5. Forced Pooled Acreage Election:

That an owner electing to participate in the drilling and development of the initial or subsequent well desiring to take its proportionate share of force pooled acreage, shall make said election to participate in the force pooled acreage with the election to participate in the proposed well. Operator shall, as soon as possible after all elections are in, send out notice to parties electing to participate in pooled acreage containing the following materials: a summary of pooled acreage, the costs associated with the same and the participant's proportionate share of the same. Any party electing to participate in pooled acreage will have fifteen (15) days from receipt of such notice to pay Operator the costs associated with the same. Failure to timely pay costs associated with force pooled acreage will be a deemed election not to participate in pooled acreage. Such parties participating in pooled acreage will also be responsible to pay such party's proportionate share of additional completed costs associates with the pooled acreage. Failure to make an election to take force pooled acreage shall be deemed an election not to take. An owner must elect to participate with its full interest in order to qualify to elect to take force pooled acreage.

6. Further Development by Initial Well:

In the event Applicant proposes the drilling of a initial well to test either the Mississippian or Hunton common sources of supply, such party shall notify those owners of its proposal to drill an initial well to test the Mississippian or Hunton common source of supply and said owners will have twenty (20) days from the receipt of said notice to elect to the Operator whether to participate in said initial well or elect one of the alternatives set forth in paragraphs 2.2, 2.3 or 2.4 above. The notice shall be sent by certified mail, return receipt requested, and shall include the proposed location of the well, proposed total depth, estimated dry hole costs and estimated completed well costs of the initial 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 twenty-five (25) days from the receipt of notice. Those owners failing to elect within the period provided or those owners electing to participate but failing to pay within the period provided shall be deemed to have the elected highest cash bonus option for which his interest qualifies depending

on the excess burdens attached to such interest as provided in paragraphs 2.2, 2.3 or 2.4 above. Operator shall pay any bonus within thirty-five (35) days from the date that the party received the notice or, in the event an owner elected to participate and failed to pay the completed well costs, within 35 days of the date by which such costs should have been paid. In the event a party elects or is deemed to have elected not to participate in such well and further development, then 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 and either the Mississippian or Hunton common source of supply, as the case may be, in said proposed initial well and any further subsequent well or wells which may thereafter be proposed and drilled under the plan of development for the Mississippian or Hunton common sources of supply except for the royalty provided for in paragraphs 2.2, 2.3 or 2.4 above, whichever said owner elected or was deemed to have elected. If operations for the drilling or other operations with respect to said subsequent well are not commenced within 180 days from the date of the notice, said proposal shall lapse and become null and void and the parties shall be in the same position relative to one another that they were in immediately prior to the written notice of the subsequent well being transmitted by the proposing party.

7. **Participation in Subsequent Wells and Development:** Since there will be separate elections as to the development of the Mississippian, Woodford and Hunton common sources of supply, there will also be separate subsequent well provisions applicable to each. However, only those owners electing to participate in the initial well drilled hereunder to develop a common source of supply will be allowed to participate in subsequent wells drilled on a drilling and spacing unit and common source of supply. Owners electing or deemed to have elected the cash consideration in paragraphs 2.2, 2.3 or 2.4 above for said initial well shall thereafter receive no additional cash consideration for subsequent wells, but shall receive the royalty provided for therein for subsequent wells.

In the event Applicant or Operator proposes the drilling of a subsequent well to test any common source of supply that has been developed by an initial well thereto ("target common source of supply"), Applicant or Operator shall notify those owners who elected to participate in the initial well and all subsequent wells drilled to said formation hereunder, of its proposal to drill a subsequent well to test the target common source of supply and said owners will have twenty (20) days from the receipt of said notice to elect to the Operator whether to participate in said subsequent well or elect one of the alternatives set forth in paragraphs 2.2, 2.3 or 2.4 above. The notice shall be sent by certified mail, return receipt requested, and shall include the proposed location of the well, proposed total depth, 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 twenty-five (25) days from the receipt of notice. Those owners failing to elect within the period provided or those owners electing to participate but failing to pay within the period provided shall be deemed to have the elected highest cash bonus option for which his interest qualifies depending on the excess burdens attached to such interest as provided in paragraphs 2.2, 2.3 or 2.4 above. Operator shall pay any bonus within thirty-five (35) days from the date that the party received the notice or, in the event

an owner elected to participate and failed to pay the completed well costs, within 35 days of the date by which such costs should have been paid. In the event a party elects or is deemed to have elected not to participate in such well and further development, then 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 and the target common source of supply as to said proposed subsequent well and any further subsequent well or wells which may thereafter be proposed and drilled under the plan of development for the target common source of supply except for the royalty provided for in paragraphs 2.2, 2.3 or 2.4 above, whichever said owner elected or was deemed to have elected. If operations for the drilling or other operations with respect to said subsequent well are not commenced within 180 days from the date of the notice, said proposal shall lapse and become null and void and the parties shall be in the same position relative to one another that they were in immediately prior to the written notice of the subsequent well being transmitted by the proposing party. Any time an owner elects or is deemed to have elected not to participate in a subsequent well for the target common source of supply, then that owner shall not be allowed to participate in future wells drilled on the drilling and spacing units for the target common source of supply in Section 9. That the Oklahoma Corporation Commission shall retain jurisdiction over the drilling and completion costs proposed for subsequent wells.

The term subsequent well for purposes of this paragraph shall not be deemed to include any side-tracking or other operation with respect to the initial or any subsequent well, and shall not be deemed to be any well that is drilled as a replacement or substitute well for the initial or any subsequent well covered hereby, by virtue of any mechanical or other problems arising directly in connection with the drilling, completing, equipping or producing of any such well, and no party subject to this Order shall have the right to make any subsequent elections as to any such side-tracking, replacement well, or substitute well.

8. **Operator:**

That: Citizen Energy III, LLC
320 S. Boston, Suite 900
Tulsa, OK 74103

an owner of the right to drill in said drilling and spacing units, is designated Operator of the units and all of the common sources of supply covered hereby and the well, or wells, drilled hereunder. All elections required in paragraph 2 hereof must be communicated to said Operator in writing at the address above as required in this Order. That said Operator is required to pay all bonuses which may become due and payable under the terms of this Order.

9. **Escrowing of Funds:** If any payment of bonus due and owing under this order cannot be made because the person entitled thereto cannot be located or is unknown, then said bonus shall be paid into an escrow account within ninety (90) days after this order and shall not be commingled with any funds of the Applicant or Operator. Any royalty payments or other payments

due to such person shall be paid into an escrow account by the holder of such funds. Responsibility for filing reports with the Commission as required by law and Commission rule as to bonus, royalty or other payments deposited into escrow accounts shall be with the applicable holder. Such funds deposited in said escrow accounts shall be held for the exclusive use of, and 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. If any payment of bonus due and owing under the order cannot be made for any other reason, including but not limited to a valid title dispute raised by an attorney, then said bonus shall be paid into an escrow account within ninety (90) days after this order and shall not be commingled with any funds of the Applicant or Operator. Any royalty payments or other payments due to such person shall be paid into an escrow account by the holder of such funds.

10. **Operator Lien:** That Operator, in addition to any other rights provided herein, shall have a lien, as set out in 52 O.S., Section 87.1 (e), on the interest of any owner, subject to this Order, who has elected to participate in the initial well proposed hereunder or any subsequent well drilled hereunder by paying such owner's proportionate part of the costs thereof; such liens shall be separable as to each separate owner within such unit, and shall remain liens until the owner or owners drilling or operating said well have been paid the amount due under the terms of this pooling Order; furthermore, the owner or owners drilling, or paying for the drilling, or the operation of said well for the benefit of all shall be entitled to production from such well which will be received by the owner or owners for whose benefit the well was drilled or operated, after payment of royalty, until the owner or owners drilling or operating the well have been paid the amount due under the terms of this pooling Order or Order settling such dispute.

11. **Commencement of Operations:** That Operator shall commence operations for the drilling or other operations with respect to the initial well covered hereby for the Woodford common source of supply within one year from the date of this Order and shall diligently prosecute the same to completion in a reasonably prudent manner, or this Order shall be of no force and effect, except as to the payment of bonus hereunder.

12. **Expiration as to Undeveloped Common Sources of Supply:** That this order shall expire as to any undeveloped common source of supply if no well is commenced within one year from the date of this order, however, this order will remain in effect as to the portion of any secondary formation penetrated in the drilling and development of a target formation.

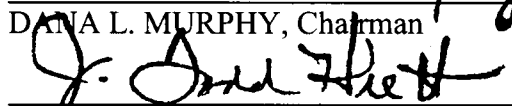
13. **Nonparticipants:** The granting of the relief requested by the Applicant shall include the intent of the Applicant to pool and adjudicate the rights and equities of the owners listed on Exhibit "A" attached hereto for the listed common sources of supply as to the subject drilling and spacing unit on a unit basis and not on a borehole basis for any wells drilled as to the respective separate common sources of supply cited herein. That any owner which elects, or is deemed to have elected, to do other than participate in the initial well to be drilled under this order shall be deemed to have relinquished unto Applicant all of such owner's working interest and right to drill in the unit

and common sources of supply covered hereby as to the initial well proposed to be drilled hereunder and as to any wells drilled subsequent thereto. That the relinquished interest is to be owned by the Applicant unless a specific paragraph is included in this order providing for a proportionate sharing among the participating parties of such interest. That the initial election made by any owner shall be binding as to the owner, their heirs, representatives, agents, successors, assigns or estate for the first and all subsequent wells drilled pursuant to this order.

14. **Filing of Affidavit:** That the Applicant or its Attorney shall file with the Secretary of the Commission, within 10 days from the date of this Order, an Affidavit stating that a copy of said Order was mailed within 3 days from the date of this Order to all parties pooled by this Order, who addresses are known.

CORPORATION COMMISSION OF OKLAHOMA


DANA L. MURPHY, Chairman


J. TODD HIETT, Vice Chairman


BOB ANTHONY, Commissioner

DONE AND PERFORMED this 24 day of May, 2018.

BY ORDER OF THE COMMISSION:

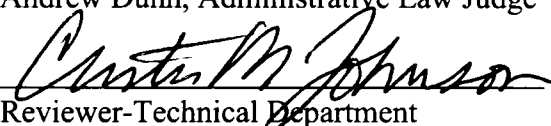

PEGGY MITCHELL, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

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


Andrew Dunn, Administrative Law Judge

5-9-18
Date


Reviewer-Technical Department

5-9-18
Date

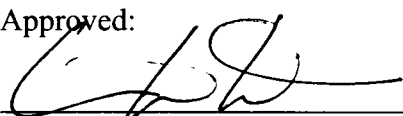
Approved:

William Huffman

EXHIBIT "A"

Parties with Known Addresses

- | | |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 1. Barber Exploration Company
8774 S. Richmond Avenue
Tulsa, OK 74137 | 7. Jane Church
2650 S. 74th Street W
Muskogee, OK 73772 |
| 2. Edsel Mannering
8582 N. 2290 Road
Custer City, OK 73639 | 8. Jerry Ferguson
511 N. Hampton
Watonga, OK 73772 |
| 3. Excaliber Resources, LLC
12222 Merit Drive, Suite 1150
Dallas, TX 75251 | 9. MEP Mid-Con III, LLC
333 Clay Street, Suite 2800
Houston, TX 77002 |
| 4. Harvey G. Vann
c/o Monty J. Vann
1902 Graham Avenue
Enid, OK 73703 | 10. MEP Oklahoma, LLC
333 Clay Street, Suite 2800
Houston, TX 77002 |
| 5. Impact Energy Partners, LLC
9500 Westgate Road, Suite 200
Oklahoma City, OK 73162 | 11. Paisano Energy Fund I, L.P.
4441 Buena Vista Street
Dallas, TX 75205 |
| 6. Jacequilinn A. Ferguson
c/o Arnold Goff
400 South Louisiana
Magnum, OK 73554 | 12. Sand Creek Oil & Gas, LLC
P.O. Box 266
Canadian, TX 79014 |
| | 13. Dismissed |

- | | |
|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 14. Smith Minerals, LLC
460 Whistler Cove
Franklin, TN 37067 | 16. The Louise Rowland Carter Family Trust
Dated 6/28/1986, Dale J. Tagge, Mark R.
Davis & Patrick S. Donehue, Co-Trustees
205 W. Maple, Suite 200
Enid, OK 73701 |
| 15. Sun Chaser Holdings, LLC
3217 Arapaho Ridge Drive
College Station, TX 77845 | |

Parties with Addresses Unknown

None.

Parties Listed for Curative Purposes

- | | |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| 17. Estate of Ida Mae Ferguson
c/o Jane Marie Church
2650 S. 74th Street W.
Muskogee, OK 74401 | 22. Estate of Lide Lucile Vann
c/o Jerry Lee Ferguson
511 N. Hampton
Watonga, OK 73772 |
| 18. Estate of Ida Mae Ferguson
c/o Jerry Lee Ferguson
511 Northhampton Drive
Watonga, OK 73772 | 23. Estate of Ted Ferguson
c/o Shirley Ferguson
1828 W. 18th Street, Apt. 104
Wichita, KS 67203 |
| 19. Estate of Ida Mae Ferguson
c/o Jacquelin Ann Ferguson
400 S. Louisana Avenue
Magnum, OK 73554 | 24. Hauschild Resources, LLC
6300 Oak Forest Road
Edmond, OK 73025 |
| 20. Estate of Ida Mae Ferguson
c/o Robert Osmus
820 Mimosa Drive
Watonga, OK 73772 | 25. Mewbourne Oil Company
One Leadership Square
211 North Robinson, Suite 2000
Oklahoma City, OK 73102 |
| 21. Estate of Lide Lucile Vann
c/o Harvey G. Vann
1902 Graham Avenue
Enid, OK 73703 | 26. Stephens Land Services, Inc.
2720 Washington Drive, Suite 110
Norman, OK 73069 |
| | 27. Von A. Martin, LLC
324 Heritage Boulevard
Edmond, OK 73025 |

Parties Listed for Curative Purposes with Unknown Addresses

None.