

**BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA**

APPLICANT:	CONTINENTAL RESOURCES, INC.)
) CAUSE CD NO.
RELIEF SOUGHT:	MULTIUNIT HORIZONTAL WELL)
) 201809458
LEGAL DESCRIPTION:	SECTIONS 9, 16 AND 21,)
	TOWNSHIP 8 NORTH,) ORDER NO.
	RANGE 7 WEST,)
	GRADY COUNTY, OKLAHOMA) <u>691517</u>

**INTERIM ORDER OF THE COMMISSION
MULTIUNIT HORIZONTAL WELL**

1. **Hearing Date and Place:** This Cause came on for hearing before Sean Denton, Administrative Law Judge, on December 4, 2018 at 8:30 a.m., regarding the above-styled Cause at the Jim Thorpe Office Bldg., 2101 N. Lincoln Blvd., Oklahoma City, Oklahoma.
2. **Appearances:** Karl F. Hirsch, Attorney for Applicant. There were no other appearances or protests.

FINDINGS

3. **Companion Causes:** Location Exception in Cause CD No. 201809459.
4. **Notice and Jurisdiction:** Notice has been given by publication as required by Commission Rules and Affidavits of Publication have been filed. Those Respondents whose names and addresses were attainable have been given actual notice by first-class mail pursuant to Commission rules. An adjudicative inquiry was conducted by the Administrative Law Judge into the sufficiency of the search to ascertain the names and addresses of all owners, and if a diligent effort had been made to locate all affected interest owners. The Commission finds that the Applicant has made a meaningful and diligent search of all reasonably available sources at hand to ascertain those parties that are entitled to notice and the whereabouts of those entitled to notice but who were served only by publication. The Applicant gave notice as required, the Commission approves the notice given by mail and publication, and the Commission has jurisdiction of the subject matter and parties.
5. **Amendments:** None.
6. **Relief Requested:** Applicant requests that Applicant be permitted to drill, complete and produce a multi-unit horizontal well from Section 9 through Section 16 and into Section 21, all in Township 8 North, Range 7 West in one or more of the 1,280-acre drilling and spacing units formed for the Springer, Mississippian and Woodford common sources of

supply in Sections 9 and 16 by Order No. 686208 and in one or more of the 640-acre drilling and spacing units formed for the Springer common source of supply in Section 21 by Order No. 90891 and for the Mississippian and Woodford common sources of supply in Section 21 by Order No. 624305, at the following location:

Surface Location: 326 feet from the north line and 607 feet from the east line of Section 9-8N-7W;

Commencement of Completion Interval in Section 9: no closer than 150 feet from the north line and no closer than 330 feet from the east line of Section 9-8N-7W;

End of Completion Interval in Section 16: no closer than 0 feet from the south line and no closer than 330 feet from the east line of Section 16-8N-7W;

Commencement of Completion Interval in Section 21: no closer than 0 feet from the north line and no closer than 330 feet from the east line of Section 21-8N-7W;

End of Completion Interval in Section 21: no closer than 1,320 feet from the south line and no closer than 330 feet from the east line of Section 21-8N-7W.

7. **Reason Relief Should Be Granted**: The Mississippian common source of supply is the Targeted Reservoir under the Extended Horizontal Well Development Act codified in 52 O.S. §87.6. Applicant believes the reservoirs are tight with low permeability and it is desirable to drill the lateral to the longest length possible to enhance the economics of the well. These wells will not drain significantly to the north and south of the wellbores and drainage to the east and west is limited primarily to the area affected by the fracture stimulation; therefore, drilling the horizontal well at the location requested allows for production from a greater portion of reservoir and the drilling of a longer lateral without uncompensated drainage to the offset sections. Each common source of supply is likely to be found at the following depths:

Sections 9 and 16	Springer	12,180 feet
	Mississippian	13,080 feet
	Woodford	13,480 feet
Section 21	Springer	12,460 feet
	Mississippian	13,540 feet
	Woodford	13,960 feet

The Springer or Woodford may be inadvertently encountered in the drilling of the lateral in the Mississippian if such well drills out of or exists the Targeted Reservoir. The Springer and Woodford common sources of supply are Adjacent Common Sources of Supply in regard to the Mississippian under 52 O.S. §87.6.

The drilling of the proposed well as a multiunit horizontal well will prevent both economic waste and a waste of hydrocarbons. It is less expensive to drill a longer lateral in a single horizontal well than to drill two laterals in two separate horizontal wells. In addition, being permitted to complete and produce the lateral across the section line allows for the production of hydrocarbons from a larger portion of the reservoir. If the completion interval must stop as it approaches the section line and then restart on the other side of the section line, the hydrocarbons that are located in the reservoir on either side of the section line may not be produced by the wells. The common sources of supply are approximately the same thickness and quality across the multiunit area and the allocation of costs and production based upon a percentage of completion interval within each unit is fair and reasonable.

Applicant proposes to drill the multiunit horizontal well to an estimated total measured depth of 25,895 feet with an estimated completion interval of 12,500 feet. Attached hereto as Exhibit "A" is a map showing the location of each currently existing well in each of the affected units covered hereby and the approximate anticipated location of the proposed multiunit horizontal well.

8. **Allocation Factor:** The Commission should allocate to each of the affected units covered hereby the reasonable drilling, completion and production costs associated with the multiunit horizontal well and the commingled production and proceeds from the completion interval of such multiunit horizontal well. Based upon the information now available, Applicant is proposing that the allocation factor for each of the affected units should be determined by dividing the length of the completion interval of the multiunit horizontal well located in each unit by the entire length of the completion interval in the multiunit horizontal well. Applicant anticipates that approximately 80% of the completion interval of the multiunit horizontal well will be located in Sections 9 and 16 and approximately 20% of the completion interval will be located in Section 21 with the cost of and the production and proceeds from the multiunit horizontal well allocated between the affected units based on such percentages. The actual allocation of such costs, production and proceeds may vary depending upon the results of the drilling and completion of the multiunit horizontal well.
9. **Previous Orders:** None.
10. **Special Finding:** Applicant intends to run casing in the horizontal portion or lateral of the wellbore and to cement the casing so as to cover and isolate the first and last perforations in the horizontal portion or lateral of the well to protect the correlative rights of offset owners. The contemplated completed portion of the lateral for said well is to exceed 10,560 feet as required by 52 O.S. §87.1(f)(4). It is anticipated leases may expire before this Order issues; therefore, the Order should be effective the date of the filing of the Application herein. Insofar as this Interim Order covers the Springer common source of supply, only the lower recognized shale member of the Springer is acceptable at the distances described above.

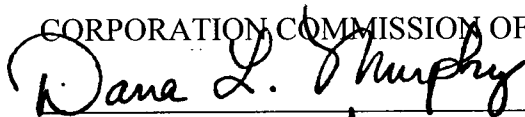
11. **Reopening:** This matter will be reopened before the Commission on April 9, 2019, for operator to submit a directional survey confirming the downhole locations are within the constraints of this Order.
12. The Springer and Woodford common sources of supply will be dismissed if not penetrated.

ORDER

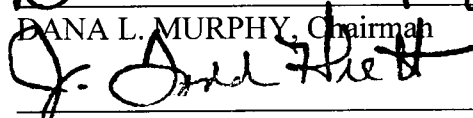
13. IT IS THE ORDER OF THE COMMISSION that the relief requested in the Application, as modified above, is necessary to ensure the greatest ultimate recovery of hydrocarbons from the above-mentioned common sources of supply, prevent or assist in preventing waste, and protect correlative rights of interested parties.

The relief set forth in the Application, as modified above, is granted effective November 13, 2018, the date of the filing of the Application.

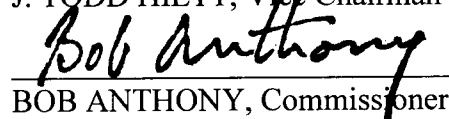
CORPORATION COMMISSION OF OKLAHOMA



DANA L. MURPHY, Chairman



J. TODD HIETT, Vice Chairman

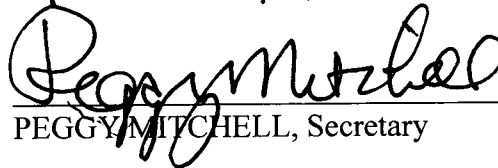


BOB ANTHONY, Commissioner

CERTIFICATION

DONE AND PERFORMED by the Commissioners participating in the making of this order, as shown by their signatures above, this 15 day of Feb. 2019.

(SEAL)

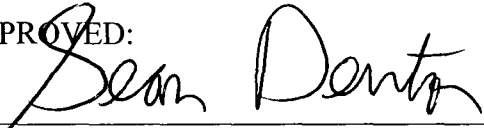


PEGGY MITCHELL, Secretary

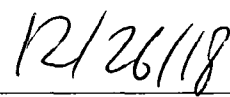
REPORT OF THE ADMINISTRATIVE LAW JUDGE

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

APPROVED:



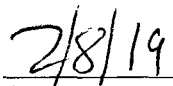
Sean Denton, Administrative Law Judge



Date

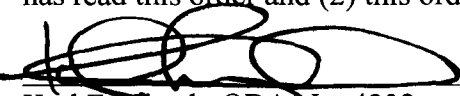


Reviewer



Date





This order follows the format and contains all elements set forth in the Judicial & Legislative Services Form Order for this type of Cause. The undersigned attorney affirms (1) said attorney has read this order and (2) this order is true, correct and approved as to form and content.









Karl F. Hirsch, OBA No. 4232

Page 6 of 6
 Continental Resources, Inc.
 Interim Order
 Multiunit Horizontal Well

PRODUCTION LEGEND

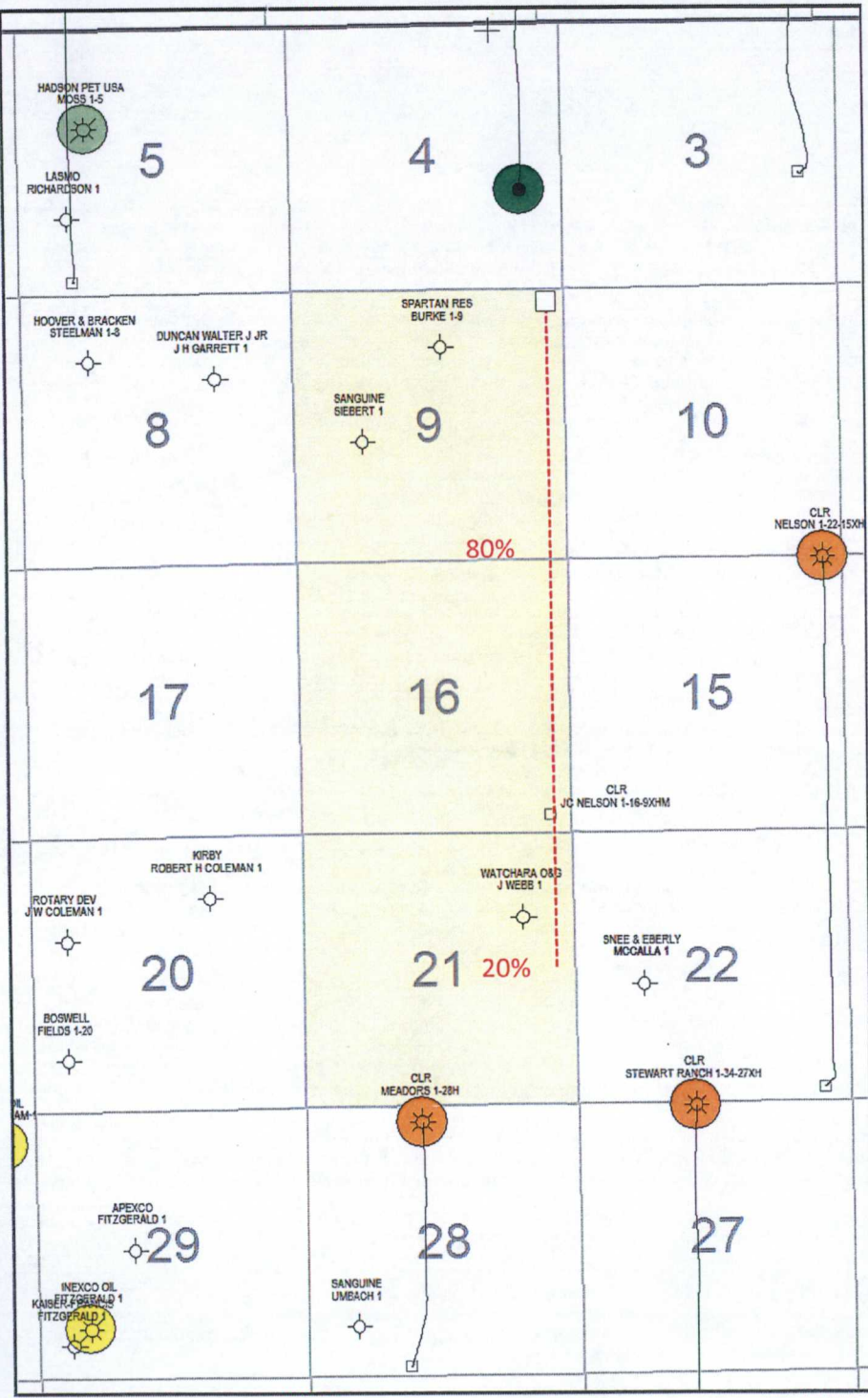
-  Morrow
-  Springer
-  Mississippian
-  Woodford

-  GAS WELL
-  OIL WELL
-  DRY HOLE
-  INACTIVE GAS WELL
-  INACTIVE OIL WELL
-  SURFACE LOCATION


Allocation Factor %

 OPERATOR WELL NAME AND NUMBER

T 8 N



R 7 W

	
<p>Multiunit Sections 9,16,21-8N-7W Grady County, Oklahoma</p>	
<p>JC Nelson 1R-9-16-21XM</p>	
CD# 201809458	11/30/18
WELL AND PRODUCTION DATA FROM IHS ENERGY - CURRENT TO: 11/30/18	