

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA

APPLICANT: NEW DOMINION, LLC

RELIEF SOUGHT: POOLING

LEGAL DESCRIPTION: SECTION 19,
TOWNSHIP 13 NORTH, RANGE 6 EAST,
LINCOLN COUNTY, OKLAHOMA

CAUSE CD NO.

201305684-T

ORDER NO.

617749

FINDINGS AND ORDER

1. Hearing Date and Place: 8:30 a.m., 7th day of October, Eastern Regional Office, 440 South Houston, Tulsa, Oklahoma 74127.

2. Appearances: Ron M. Barnes, Attorney, appeared for the Applicant.

3. Notice and Jurisdiction: Notice has been given as required and the Commission has jurisdiction of the subject and the persons.

4. Amendment: At hearing Sabine Corporation c/o PEC Minerals LP and Leasa Hibdon a/k/a Leasa Duncan were dismissed from the Application. A Waiver of Notice was submitted for Mineralmen Land Co., LLC and they were added as a respondent to the Application.

5. Relief Requested: To pool and adjudicate the rights and equities of the owners named in Exhibit "A" attached hereto underlying the lands described in the caption hereof for the common sources of supply described below and to designate the Applicant or some other party as operator.

6. Relief Granted and Election Period: The requested relief is granted and the rights and equities of all owners named in Exhibit "A" attached hereto are hereby pooled, adjudicated, and determined in the lands described in the caption hereof for the common sources of supply as indicated.

<u>Common Source of Supply</u>	<u>Size of Unit</u>	<u>Order No.</u>
Layton	640-acres	609945
Checkerboard	640-acres	609945
Cleveland	640-acres	609945
Wewoka	640-acres	609945
Calvin	640-acres	609945
Senora	640-acres	609945
Skinner	640-acres	609945
Red Fork	640-acres	609945
Bartlesville	640-acres	609945
Booch	640-acres	609945
Gilcrease	640-acres	609945
Dutcher	640-acres	609945

<u>Common Source of Supply</u>	<u>Size of Unit</u>	<u>Order No.</u>
Union Valley	640-acres	609945
Cromwell	640-acres	609945
Basal Pennsylvanian Unconformity Sand	640-acres	609945
Mississippian	640-acres	609945
Woodford	640-acres	609945
Misener-Hunton	640-acres	609945
Sylvan	640-acres	609945
Viola	640-acres	609945
Simpson Dolomite	640-acres	609945
1 st Wilcox	640-acres	609945
2 nd Wilcox	640-acres	609945
McLish	640-acres	609945
Oil Creek	640-acres	609945
Arbuckle	640-acres	609945

Said owners named in Exhibit "A" attached hereto must make one or any combination of the following elections within 20 days from the date of this Order. In the event a respondent makes an election to accept the bonus provision, then that respondent shall include their social security or federal tax I.D. number along with the election. If the respondent fails to include their social security or federal tax I.D. number New Dominion, LLC will not issue a check until such information is provided.

6.1 Participate: 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 cost of the well and unit covered hereby and by paying, as set out below, to Operator such owner's proportionate part of the estimated completed for production cost thereof, or by providing the Operator with an irrevocable letter of credit for such payment satisfactory to the Operator, within 25 days from the date of this Order, as follows:

Completed as a dry hole	\$2,566,000
Completed for production	\$2,948,400

The proposed well is anticipated to produce substantial quantities of saltwater. Inclusive in the estimated completed for production costs stated above is the estimated cost of a saltwater disposal well hooked into New Dominion, LLC's system. If you choose to participate, you will be charged your proportionate share of the actual cost of a saltwater disposal well as an access fee to that system plus the reasonable costs of monthly operations of the saltwater system. For the purposes of this order, the proportionate share of the access fee shall be calculated by dividing the saltwater disposal well cost by the number of spacing units to be serviced by such well, with the resulting cost then allocated to the unit being pooled according to the participant's share of unit expenses.

Alternatively, if you choose to participate and not pay an access fee, New Dominion, LLC will set a tank battery and use a commercial hauler to haul your share of the saltwater produced and bill you for the cost.

Provided, further, that in the event an owner elects to participate in said unit well by paying his proportionate part of the costs thereof and fails or refuses to pay or provide the Operator with an irrevocable letter of credit for such owner's proportionate part of the completed for production cost as set forth herein, all within the periods of time as prescribed in this Order, then such owner shall be deemed to have elected to accept the cash bonus plus royalty, as set out in paragraph 6.2 below; provided, that if an owner's interest has burdens that exceed the normal $\frac{1}{8}$ royalty interest provided in paragraph 6.2 below, then, in that event, such owner shall be deemed to have accepted the option provided in paragraphs 6.3 or 6.4 below provided the overburdened interest applies only to Clayton Williams Energy Inc., James C. Trimble LLC, Stephens Production Company, Intrepid E & P LLC and SouthStar Exploration LLC as set out in paragraph 6.4 below. The special consideration paragraph applies only to Mineralmen Land Co., LLC as set out in paragraph 6.5 below. Thereupon, the payment of such cash bonus shall be made by Operator within 35 days after the last day of 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.

6.2 Cash Consideration: To accept \$325 per acre plus the normal $\frac{1}{8}$ royalty interest as defined in 52 O.S., Section 87.1(e)(2001), as a fair, reasonable and equitable bonus to be paid to each owner who elects not to participate in said unit well by paying such owner's proportionate part of the costs thereof; such cash bonus to be paid within 35 days from the date of this Order and when so paid shall be satisfaction in full of all rights and interests of such owner in the well covered hereby.

6.3 Cash Consideration: To accept \$300 per acre plus a total royalty of $\frac{3}{16}$ as a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said unit by paying such owner's proportionate part of the cost thereof; such cash bonus to be paid within 35 days from the date of this Order and when so paid shall be satisfaction in full for all rights and interests of such owner in the unit covered hereby, provided however, in the event that owner's interest is subject to a royalty, overriding royalty, or other burden on production in excess of the normal $\frac{1}{8}$ royalty as defined herein, then such excess royalty, overriding royalty, or other burden shall be charged against the $\frac{1}{16}$ of $\frac{8}{8}$ overriding or excess royalty as herein set forth, and the same shall be reduced by the amount of any such excess.

6.4 Overburdened Interest Owners: Clayton Williams Energy Inc., James C. Trimble LLC, Stephens Production Company, Intrepid E & P LLC and SouthStar Exploration LLC interests are burdened to an 80.25% net revenue which results in an overburdened interest not representative of fair market value because the additional overrides are over and above the royalty contained in the Oil & Gas Lease. In the event Clayton Williams Energy Inc., James C. Trimble LLC, Stephens Production Company, Intrepid E & P LLC and/or SouthStar Exploration LLC elect not to participate they will get no cash and a total royalty of 19.75%.

6.5 Special Consideration Provision: The leasehold interest owned by Mineralmen Land Co., LLC burdened to a 78% net revenue interest was found by the Administrative Law Judge to be not representative of fair market value. It was further found by the Administrative Law Judge that because the lease was taken after the filing of the subject force pooling, that should Mineralmen Land Co., LLC elect not to participate with any or all of its leasehold interest that that portion which was elected to not participate would revert back to the mineral owner and be subject to the fair market value terms contained in paragraphs 6.2 or 6.3 above. In such event that Mineralmen Land Co., LLC elects or is deemed to have elected not to participate with any or all of its leasehold, the mineral owner, Elson Oil Company, must elect option 6.2 or 6.3 above. Provided should Elson Oil Company fail to elect which option it wishes to take within the time and manner set out in this order, then Elson Oil Company will be deemed to have elected as set out in paragraph 6.2 above.

7. Failure to 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 6 above, any such owner accepts, then such owner shall be deemed to have accepted the cash bonus plus royalty, as set out in paragraph 6.2 above, provided in the event such owners interest because of burdens attached to such interest does not qualify for that cash option, then such owner shall be deemed to have accepted the cash option provided for in paragraphs 6.3 and 6.4 above provided the overburdened interest applies only to Clayton Williams Energy Inc., James C. Trimble LLC, Stephens Production Company, Intrepid E & P LLC and SouthStar Exploration LLC as set out in paragraph 6.4 above. The special consideration paragraph applies only to Mineralmen Land Co., LLC as set out in paragraph 6.5 above. In the event any owner elected to do other than participate in said unit by paying his pro rata share of the costs of the unit well thereof, or fails to make an election provided above, such owner shall be deemed to have relinquished unto Operator all of such owner's right, title, interest, or claim in and to the unit, except for any normal 1/8 royalty interest, and other share in production to which such owner may be entitled by reason of any election hereunder.

8. Operator: **New Dominion, LLC**
Attn: Seth Yoder
1307 S. Boulder Ave., Ste. 400
Tulsa, Oklahoma 74119

an owner of the right to drill in said drilling and spacing unit is designated Operator of the unit well and common sources of supply covered hereby and all elections required in paragraph 6 hereof should be communicated to said Operator in writing at the address above as required in this Order. All written elections must be mailed postmarked within the election period as set forth in paragraph 6; provided such election may be mailed certified mail with return receipt requested in which event such certified election must be deposited in the post office within the election period set forth in paragraph 6. That said Operator has a current plugging bond or financial statement on file with the Corporation Commission.

9. Commencement of Operations: That Operator shall commence operations for the drilling or other operations with respect to the unit covered hereby 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. 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 the unclaimed monies under pooling orders.

10. Participation in Subsequent Operations: Only those owners electing to participate in the initial well drilled hereunder as provided above will be allowed to participate in subsequent wells drilled on the drilling and spacing unit and common source of supply covered hereby. Owners electing or deemed to have elected the cash consideration plus royalty provided in paragraphs 6.2, 6.3 or 6.4 above shall receive no additional cash consideration for subsequent wells, but shall receive the royalty provided therein for subsequent wells. The overburdened interest applies only to Clayton Williams Energy Inc., James C. Trimble LLC, Stephens Production Company, Intrepid E & P LLC and SouthStar Exploration LLC as set out in paragraph 6.4 above. The special consideration paragraph applies only to Mineralmen Land Co., LLC as set out in paragraph 6.5 above. The term subsequent well for the purposes of paragraphs 10 and 11 shall not be deemed to include any side-tracking or other operation with respect to the initial unit well and shall not be deemed to be any well that is drilled as a replacement or substitute well for the initial unit well 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 the initial unit well or any subsequent well and no party subject to this Order shall have the right to make any subsequent elections as to any such side-tracking, replacement or substitute well.

11. Election on Subsequent Operations: In the event New Dominion, LLC 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 date of receipt of said notice to elect whether to participate in said subsequent well. The notice provided by New Dominion, LLC 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 proposing party to secure the payment, of their proportionate share of said complete well costs within 25 days from the date of receipt of notice from New Dominion, LLC. Those owners electing not to participate or 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 elected not to participate in the subsequent well and shall thereafter receive the consideration provided for in paragraphs 6.3 or 6.4 above for the first subsequent well and thereafter the royalty only and no additional cash bonus provided the overburdened interest applies only to Clayton Williams Energy Inc., James C. Trimble LLC, Stephens Production Company, Intrepid E & P LLC and SouthStar Exploration LLC as set out in paragraph 6.4 above. The special consideration paragraph applies only to

Mineralmen Land Co., LLC as set out in paragraph 6.5 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. New Dominion, LLC shall commence the subsequent well within **180 days** of the proposal for same or the proposal shall expire. That Oklahoma Corporation Commission shall retain jurisdiction over the drilling and completion costs proposed by New Dominion, LLC for subsequent wells.

12. **Operator Lien:** That Operator, in addition to any other rights provided herein, should have a lien, as set out in 52 O.S., Section 87.1(e)(2001), on the interest of any owner, subject to this Order, who has elected to participate in the well covered hereby by paying such owner's proportionate part of the costs thereof.

13. **Special Finding:** Notice has been given by publication as required by Commission Rules and Affidavits of Publication have been filed. Those owners whose names and addresses were attainable have been given actual notice by mail. 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. 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 Commission finds the process to be proper and has jurisdiction over the subject matter and the parties. That a bona fide effort was made to reach an agreement with each respondent and that the Applicant has not agreed with all such respondents in such drilling and spacing unit to pool their interest and to develop the drilling and spacing unit common sources of supply as a unit; that the Applicant has proposed the drilling of a well on said unit and to develop said common sources of supply; that the Operator, hereinabove named, is an owner of the right to drill on said drilling and spacing unit and to develop and produce said common sources of supply.

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, whose addresses are known.

15. New Dominion, LLC is proposing to develop the separate common sources of supply in the drilling and spacing unit covered hereby in the aggregate as a group or unit. The Applicant intends to evaluate and develop, as a reasonably prudent operator under the same or similar circumstances, all of the separate common sources of supply covered hereby as each will be penetrated in the initial unit well involved herein and valuable information regarding these separate common sources of supply will be obtained through the risk assumed and the expenses incurred in connection with such initial unit well. Furthermore, the bonus values testified to are based upon consummated oil and gas leases which cover all of the separate common sources of supply herein. Therefore, as set forth in the Application filed herein, Applicant believes, and the evidence presented herein shows, that it is appropriate that this pooling order treat all of the separate common sources of supply involved here in the aggregate as a group of unit. New Dominion, LLC is the owner of the right to drill a well into, to produce

hydrocarbons from and to appropriate production from the separate common sources of supply in the units involved herein.

16. Conclusion: The relief requested is necessary to prevent or to assist in preventing the various types of waste of oil or gas prohibited by statute, or any of said wastes, and to protect or assist in protecting the correlative rights of interested parties. Such requested relief, as set forth above, should be granted and IT IS SO ORDERED.

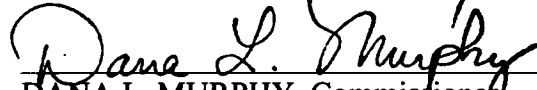
CORPORATION COMMISSION OF OKLAHOMA



PATRICE DOUGLAS, Chairman



BOB ANTHONY, Vice Chairman



DANA L. MURPHY, Commissioner

DONE AND PERFORMED this 4 day of November, 2013.

BY ORDER OF THE COMMISSION:



PEGGY MITCHELL, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing Findings and Order is the report and recommendation of the Administrative Law Judge.

APPROVED:

 10/25/13
Date
KATHLEEN M. MCKEOWN
ADMINISTRATIVE LAW JUDGE

REVIEWER  10-25-13
Date

APPROVED AS TO FORM
AND CONTENT:

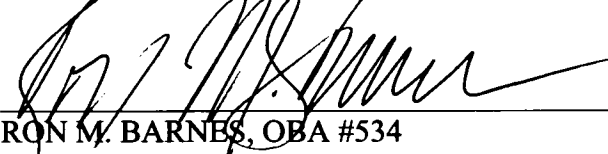

RON M. BARNES, OBA #534

EXHIBIT "A"

1. EC Energy Partners LP
5214 Westchester Dr. #500
Dallas, TX 75225
2. Kevin P. McKnight
23855 S. Highway 66, Trlr #79
Claremore OK 74019
3. Guy B. McKnight
1719 W. 63rd
Tulsa, OK 74132
4. Wood Oil Company
5400 N. Grand Blvd. #300
Oklahoma City, OK 73112
5. **DISMISS**
6. **Elson Oil Company**
20 E. 5th Street, Ste. 1404
Tulsa, OK 74103
7. Alberta M. Palmquist Revocable Trust
dtd 11/27/87
3521 N. Creighton St.
Scottsdale, AZ 85251
8. Shaunacy Addison Gates, Life Estate
c/o Rex Gates
PO Box 1195
Jenks, OK 74037
9. Woodard Bentley Gates, Life Estate
1510 Joshua Ct.
Keller, TX 76248
10. **DISMISS**
11. Mike Duncan
9019 Pecos Dr.
Oklahoma City, OK 73139
12. Fred Duncan
9019 Pecos Dr.
Oklahoma City, OK 73139
13. W.P. Lerblance Jr. & W.P. Lerblance, Jr.
Family LP
PO Box 449
Hartshorne, OK 74547
14. Mildred L. Burr, surviving joint tenant
1400 W. 5th Ave.
Arkansas City, KS 67005
15. Cyrise Ann Campbell & Bruce
Campbell, w/h jts
2114 Bluffton Lane
Katy, TX 77450
16. Allene Riffe, a/k/a Allene A. Riffe
Estate
c/o Susan Riffe Suliburke, Per. Rep.
6438 S. Pittsburg Ave.
Tulsa, OK 74136
17. Ronald E. Sullivan & Deborah A.
Sullivan, hwjts
1731 N. Peniel
Oklahoma City OK 73127
18. Estates of Thomas R. & Cecilia
Marguerete Moran, hwjts
c/o George M. Moran
28280 Landau Blvd., Apt. 4
Cathedral City, CA 92234
19. Richard S. Evans Estate & Hallie E.
Evans, hwjts
c/o David Evans
117 Sooner Dr.
Stroud, OK 74079

EXHIBIT "A"

20. Reagan Resources Inc.
PO Box 57053
Oklahoma City, OK 73112
21. Anthony Patrick Robinson & Heather
Lynn Robinson, hwjts
3309 SE 19th St.
Oklahoma City OK 73115
22. Anthony P. Robinson & Lisa M.
Robinson, hw
3309 SE 19th St.
Oklahoma City OK 73115
23. Sally Smyth
PO Box 702102
Tulsa, OK 74170
24. Johnna Vogel, Trustee of the Johnna
Vogel Revocable Trust dtd 2/3/97
4437 Day Lilly Ln.
Oklahoma City, OK 73120
25. Clayton Williams Energy Inc.
700 Rockmead, Ste. 159
Kingwood, TX 77339
26. James C. Trimble LLC
5331 Lobello Dr.
Dallas, TX 75229
27. Stephens Production Company
623 Garrison Avenue
Ft. Smith, AR 72901
28. Intrepid E & P LLC
707 17th St., Ste. 4125
Denver, CO 80202
29. SouthStar Exploration LLC
222 E. Sheridan Ave., Ste. 6
Oklahoma City, OK 73104
30. Teresa Ann Boudreau
1601 NW 85th Street
Seattle, WA 98117
- DECEASED**
- Heirs of Rena Watkins Lilly
- CURATIVE**
31. Cardinal Royalty Company LLC
PO Box 212
Okmulgee, OK 74447
32. H.J. Conhaim a/k/a Howard J. Conhaim
c/o 20 E. 5th St., Ste. 1404
Tulsa, OK 74103
33. Alvrone Sater Trust #3
PO Box 2509
Evansville IN 47728
34. Kivell, Rayment & Francis
7666 E. 61st St.
Tulsa, OK 74133
35. CENLAR, FSB
7 Graphics Dr.
Ewing, NJ 08628
- CURATIVE ADDRESS UNKNOWN**
- Oklahoma-Gulf Royalty Corporation
Investors Royalty Company Inc.
M.B. Rudman Estate
- DECEASED CURATIVE**
- Heirs of B.I. Lubell, dec'd
Heirs of Gail McKnight, dec'd

EXHIBIT "A"

Heirs of Vera E. Barrett, dec'd

Charles Edwin Burr Estate

Heirs of Niles W. Clark, dec'd

ADDRESS KNOWN

Heir of L.D. Townsend, dec'd

**36. Mineralmen Land Co., LLC
PO Box 406
Oklahoma City, OK 73101**

Heirs of Carlene Rains, dec'd

If any named 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.

Heirs of Donald H. Duncan, dec'd

Heirs of Billie Duncan, dec'd

Heirs of Donna L. Cole, dec'd

Heirs of Clarence Duncan, dec'd

Heirs of Gladys Marshall, dec'd

Heirs of Wayne Duncan, a/k/a Winfred
Wayne Duncan, dec'd

Heirs of Geneva Hyatt, dec'd

Heirs of Pearl Hamblin, dec'd & Stella Pearl
Hamblin, possibly dec'd

Heirs of Herman Lincoln Jackson, dec'd

Heirs of C.D. Deffenbaugh, dec'd

Estates of J.E. a/k/a Joe E. Tucker & Roena
Tucker, dec'd

Iola Jackson, widow

Myrle D. Janota Estate - DECEASED

Philena Duncan Estate

Myrtle Carter, dec'd