

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA

APPLICANT: CALYX ENERGY LLC

RELIEF SOUGHT: POOLING

LEGAL DESCRIPTION: SECTION 2, TOWNSHIP 18
NORTH, RANGE 2 EAST, PAYNE COUNTY,
OKLAHOMA

CAUSE CD NO.

201401043-T

ORDER NO.

622981

FINDINGS AND ORDER

1. Hearing Date and Place: 8:30 a.m., 5th day of March, 2014, 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 the time to commence operations was amended to 180 days.
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>
Mississippian	640-acre horizontal	622635
Woodford	640-acre horizontal	622635
Sylvan	640-acre horizontal	622635
Viola	640-acre horizontal	

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 an owner makes an election of the bonus provision he or she shall include with their election their social security number. If the owner fails to include his or her social security number American Energy-Woodford, LLC will not issue a check until provided with the social security number.

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	\$ 891,383
Completed for production	\$ 2,481,074

Provided further, however, 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 highest cash bonus for which because of burdens such owner's interest qualifies as set out in paragraphs 6.2, 6.3 and 6.4 below; provided if because of burdens such owner's interest does not qualify for a cash option, then such owner shall be deemed to have accepted the no cash option provided 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 \$300 per acre plus the normal 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 \$250 per acre plus a total royalty of 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 1/8 royalty as defined herein, then such excess royalty, overriding royalty, or other burden shall be charged against the 1/16 of 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 **Cash Consideration:** To accept \$150 per acre plus a total royalty of 1/5 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 $\frac{7.5\%}{8/8}$ 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.

6.5 Consideration In Lieu of Cash: To accept in lieu of such cash bonus plus an excess royalty, an owner may elect to have delivered unto him **no cash and a total royalty of $\frac{1}{4}$ of $\frac{8}{8}$** , as his just and fair share of the production from such unit. 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 $\frac{1}{8}$ 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.

7. Failure to Elect: In the event any owner fails to elect within the time and in the manner as set forth in paragraph 6 above, then such owner shall be deemed to have accepted the highest cash bonus for which because of burdens such owner's interest qualifies as set out in paragraphs 6.2, 6.3 or 6.4 above, provided in the event such owner's interest because of burdens attached to such interest does not qualify for the option provided in paragraphs 6.2, 6.3 or 6.4 above, then such owner shall be deemed to have accepted the no cash option provided for 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 $\frac{1}{8}$ royalty interest, and other share in production to which such owner may be entitled by reason of any election hereunder.

8. Operator: **American Energy-Woodford, LLC**
Attn: Steve Huntze
10820 E. 45th Street, Ste. 208
Tulsa, Oklahoma, 74146

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 180 days from the date of this Order and shall diligently prosecute the same to completion in a reasonably prudent matter. 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 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 option 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. Owners electing or deemed to have elected the no cash option provided in paragraph 6.5 above shall receive the royalty provided therein for subsequent wells. 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 American Energy-Woodford, LLC ("American") 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 American 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 American to secure the payment, of their proportionate share of said complete well costs within 25 days from the date of receipt of notice from American. 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 highest cash option and lowest net revenue interest set forth in paragraph 6 above for which said owner qualifies for all subsequent wells. 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. American shall commence the subsequent well within 180 days of the proposal for same or the proposal shall expire. That the Oklahoma Corporation Commission

shall retain jurisdiction over the drilling and completion costs proposed by American 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. American Energy-Woodford, 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. American Energy-Woodford, LLC 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 or unit. American Energy-Woodford, 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.

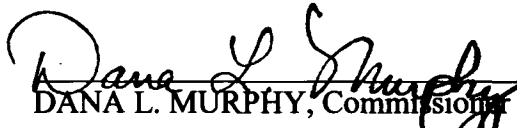
CORPORATION COMMISSION OF OKLAHOMA



BOB ANTHONY, Chairman



PATRICE DOUGLAS, Vice Chairman



DANA L. MURPHY, Commissioner

DONE AND PERFORMED this 20 day of March, 2014.

BY ORDER OF THE COMMISSION:

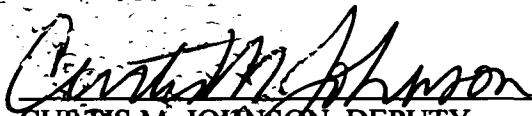


PEGGY MITCHELL, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

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

APPROVED:

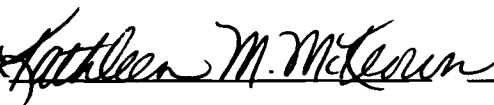


CURTIS M. JOHNSON, DEPUTY
ADMINISTRATIVE LAW JUDGE

3-14-14

Date

REVIEWER:



3/14/14

Date

APPROVED AS TO FORM
AND CONTENT:



JAKLYN GARRETT, OBA #31556
FOR RON M. BARNES, OBA #534

EXHIBIT "A"

1. Barbara Jean Davenport
11 Glendale Drive
Arcata, CA 95521
2. Katheryn Elizabeth Davenport
2617 3rd Avenue
Sacramento, CA 95818
3. Ella Sue Davenport
2220 S. Husband Street
Stillwater, OK 74074
4. Rickie Lee Davenport
8239 S. 109th East Place
Tulsa, OK 74133
5. Rhonda Jean Harrell
303 Robinson Avenue, #201
Lowell, AR 72745
6. **MOVED TO ADDRESS UNKNOWN**
7. John Gregory Pearce and Kimberly A. Pearce, JTROS
523 E 44th Street
Stillwater, OK 74074
8. Doris M. Moore & Donald E. Moore JT
4515 S. Husband Street
Stillwater, OK 74074
9. Jeffrey A. Thomas
PO Box 2682
Stillwater, OK 74076
10. **MOVED TO ADDRESS UNKNOWN**
11. Pamela R. Williams, heir of Elizabeth Whelan
4528 SE 149th Street
Oklahoma City, OK 73165
12. Katherine A. Boyd, heir of Elizabeth Whelan
4528 SE 149th Street
Oklahoma City, OK 73165
13. John Gregory Pearce and Kimberly A. Pearce, JTROS
PO Bo 531
Perkins, OK 74059
14. Annastazia Rose Welch, heir of Steven Douglas Brumley
3001 Lakeview Drive
Ennis, TX 75119
15. Randall D. Donahoo
4603 Husband St.
Stillwater, OK 74074
16. Jimmie V. Wilson and Darlene Wilson, husband and wife
4105 Arrowhead Road NE
Piedmont, OK 73078
17. Jimmie Lee Kirby
3350 Barhite Street
Pasadena, CA 91107
18. Luke A. Anthony and Jennifer A. Anthony, H/W JT
707 W 47th Ave.
Stillwater, OK 74074
19. Phillip S. White
818 West 49th Avenue
Stillwater, OK 74047
20. **MOVED TO ADDRESS UNKNOWN**

EXHIBIT "A"

21. Jean Garnett Moore
101 Ridgeside Road
Chattanooga, TN37411
22. Marjorie Brady a/k/a Marjorie Brady
Cluff
1800 S. Penn, Apt 14
Boswell, NM88201
23. Jean Garnett Moore, heir of Glee Garnett
101 Ridgeside Road
Chattanooga, TN37411
24. Thomas J. Pfeiffer, heir of Phyllis
Pfeiffer
3205 Somerset
Oklahoma City, OK 73116
25. Ed and Mona Smith Family Trust dated
September 15, 1994
906 S. Main Street
Stillwater, OK74074
26. **MOVED TO ADDRESS UNKNOWN**
27. **MOVED TO ADDRESS UNKNOWN**
28. Gayla S. Rogers
1541 Hanson Circle
Stillwater, Ok74075
29. **MOVED TO ADDRESS UNKNOWN**
30. **MOVED TO ADDRESS UNKNOWN**
31. **MOVED TO ADDRESS UNKNOWN**
32. Richard O. Fox, Remainderman of
Margaret Tinker Fox
1621 18th Street
Manhattan Beach, CA90266
33. S. Cyril Henry Jones, widower of Violet
Faye Jones
15301 W 13th
Sand Springs, OK74063
34. Raymond Cyril Jones, heir of Violet
Faye Jones
15301 W 13th
Sand Springs, OK74063
35. Phyllis J. Whitmire, heir of Violet Faye
Jones
1733 Mitchell
Laramie, WY 82072
36. **MOVED TO ADDRESS UNKNOWN**
37. **MOVED TO ADDRESS UNKNOWN**
38. **MOVED TO ADDRESS UNKNOWN**
39. Dale O. Roark
524 W 56th Avenue
Stillwater, OK74074
40. **MOVED TO ADDRESS UNKNOWN**
41. Devon Energy Production Company,
L.P.
333 W. Sheridan Avenue
Oklahoma City, OK73102
42. **MOVED TO ADDRESS UNKNOWN**
43. Entex Land Services, LLC
PO Box 8911
Ennis, TX75120

EXHIBIT "A"

44. Kerr McGee Oil & Gas Onshore L.P.,
formerly Sun Operating Limited
Partnership c/o Anadarko Petroleum
Corporation
1201 Lake Robbins Drive
The Woodlands, TX 77380

Violet Seela c/o Roy Lamont Seela
3903 Hwy 234
White City, OR 97503 (#29)

Oliver Dale Himes
2082 E. 2nd Street
Stillwater, OK 74074 (#30)

ADDRESS UNKNOWN

Donna Carol Holsten

Margaret Tinker Fox Life Estate
807 S Lowry, Apt 220
Stillwater, OK 74074 (#31)

Quin Cameron Peterson

Dorris Tinker, Widow of Anderson
Tinker
1825 Airline Road
Corpus Christi, TX 78412 (#36)

Velma C. Coffey

Anderson Tinker

Zelma Tinker, Widow of L. E. Tinker
224 Husband St.
Stillwater, OK 74074 (#37)

L. E. Tinker

Joseph Scott Davenport
314 West 2nd Place
Sand Springs, OK 74063 (#6)

Clifford W. Coffey Husband of Velma C.
Coffey
5829 Avenida LaBarranca NW
Albuquerque, NM 87114 (#38)

Elizabeth Whelan
1104 Elmhurst
Moore, OK 73069 (#10)

Earl Eppler & Catherine P. Eppler, H/W
122 Brookside Lane
Oceanside, CA 92056 (#40)

Robert Martin Williams III Revocable
Trust, Under A Revocable Trust
Agreement Dated November 5, 1998
3502 Mt. Barker Drive
Austin, TX 78731 (#20)

Laurel Operating Company
2209 E. Dover Drive
Edmond, OK 73034 (#42)

Violet Seela
3903 Hwy 234
White City, OR 97503 (#26)

CURATIVE KNOWN

None

Kathleen Marie Niles
34888 Highway 39
Konawa, OK 74849 (#27)

CURATIVE ADDRESS UNKNOWN

Steven Douglas Brumley

EXHIBIT "A"

Glee Garnett

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