

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA

APPLICANT: HUSKY VENTURES, INC.)
RELIEF SOUGHT: FORCE POOLING) CAUSE CD NO.
LEGAL DESCRIPTION: SECTION 28,) 201401120
TOWNSHIP 2 SOUTH,) ORDER NO.
RANGE 9 EAST,)
ATOKA COUNTY, OKLAHOMA) **623514**

ORDER OF THE COMMISSION

This cause came on for hearing before an Administrative Law Judge for the Corporation Commission of Oklahoma on the 11th day of March, 2014, in the Commission Courtroom, Jim Thorpe Building, Oklahoma City, Oklahoma, pursuant to notice given as required by law and the Rules of the Commission for the purpose of hearing, taking testimony and reporting the findings and recommendations to the Commission.

Karl F. Hirsch, attorney, appeared for Applicant.

The Administrative Law Judge heard the cause and filed a report with the Commission, which report has been considered, and the Commission, therefore, finds as follows:

FINDINGS

1. This is the Application of Husky Ventures, Inc., for an order pooling interests and adjudicating rights and equities of oil and gas owners in the Atoka, Caney, Woodford, Hunton and Viola common sources of supply underlying Section 28, Township 2 South, Range 9 East, Atoka County, Oklahoma, a 640-acre horizontal drilling and spacing unit as established by Order No. 618497.

2. At the time of the hearing, the Application was amended to dismiss the following respondent: Carol L. Burkhart; Phyllis Marie Fields; Robert Joe Bell; and, Robin L. Brister. The Application was also amended to dismiss the Atoka, Caney and Viola common sources of supply from the relief requested.

3. Notice has been given as required and the Commission has jurisdiction of the subject and the persons. The Commission conducted an adjudicative inquiry into the sufficiency of the search to ascertain the whereabouts of the parties entitled to notice and upon the adjudicative inquiry into the factual issue of due diligence, the Commission finds that a meaningful search of all reasonably available sources at hand was conducted. Furthermore, after examining the record herein, including the notice by publication, affidavits of publication and affidavits of mailing, the Commission finds the process to be proper and that notice has been given in all respects as required by law and the Rules of the Commission.

4. It is anticipated the initial well will be a Hunton horizontal well and future horizontal wells will be drilled in the unit. Each of the common sources of supply pooled hereby will be penetrated in the proposed well and valuable information regarding those formations will be obtained to assist in the future development thereof. In addition, the bonus values reflected herein are based upon oil and gas leases and transactions which cover all of the common sources of supply named herein. Testimony was presented that microseismic testing has confirmed that fracture stimulation in the Hunton increases the natural fractures vertically and horizontally introducing the fractured treatment into the common sources of supply above the Hunton. The net effect is that the hydrocarbons within the Woodford common source of supply may be produced in a horizontal well drilled, fracture stimulated and completed in the Hunton common source of supply. The Commission makes a special finding that the Hunton is thin at this location and the Woodford may contribute hydrocarbons to the well as completed in the Hunton; therefore, all common sources of supply named in this pooling should be treated in the aggregate as a group or unit.

5. Applicant is the owner of the right to drill wells on said drilling and spacing unit and to develop and produce said common sources of supply, has made a bona fide effort to reach an agreement with all of the other such owners in such drilling and spacing unit, as set forth on Exhibit "A", to pool their interests and to develop the drilling and spacing unit and common sources of supply as a unit, and the Commission should issue an order requiring such owners to pool and develop the drilling and spacing unit and common sources of supply covered hereby as a unit.

6. Husky Ventures, Inc. proposes to drill a well in Section 28, Township 2 South, Range 9 East, Atoka County, Oklahoma, to a depth sufficient to test the Woodford and Hunton common sources of supply, and that to protect correlative rights, all owners should be required to pool and develop the unit and common sources of supply covered hereby as a unit, upon the terms and conditions set out in "Order" 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.

7. In the interest of the prevention of waste and the protection of correlative rights, this Application should be granted, and the rights of all owners pooled and adjudicated. Sidetracking operations and substitute wells shall not be considered subsequent wells.

ORDER

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

1. Husky Ventures, Inc. proposes to drill a well in Section 28, Township 2 South, Range 9 East, Atoka County, Oklahoma, a horizontal drilling and spacing unit for the Woodford and Hunton common sources of supply, and to develop said unit and the common sources of supply thereunder as a unit, and the rights and equities of all oil and gas owners covered hereby are pooled, adjudicated and determined.

2a. Estimated well costs are:

Completed as a dryhole:	\$1,566,000.00
Completed for production:	\$3,816,100.00

2b. **\$175.00 Per acre cash bonus and a total 1/8 royalty.** \$175.00 per acre, in addition to the statutory 1/8th royalty, is a fair, reasonable and equitable consideration to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the costs thereof; such cash bonus should be satisfaction in full for all rights and interests of such owner in the well and unit covered thereby, except for any normal 1/8th royalty interest as defined in 52 O.S. § 87.1(e); provided, that any party unable to deliver a 7/8th interest shall be required to elect one of the following options or to participate in the drilling of the well.

2c. **\$150.00 Per acre cash bonus and a total 3/16 royalty.** \$150.00 per acre, plus a proportionate share of an overriding or excess royalty of 1/16th of 8/8ths, in addition to the statutory 1/8 royalty, is a fair, reasonable and equitable consideration to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the costs thereof; such cash bonus and overriding or excess royalty should be satisfaction in full for all rights and interests of such owner in the well and unit covered hereby, except for any normal 1/8th royalty interest as defined in 52 O.S. § 87.1(e); provided, that any party unable to deliver a 13/16th interest shall be required to elect the following option or to participate in the drilling of the well.

Provided, however, in the event the oil and gas interests of any owner is subject to any royalty, overriding royalty or other payments out of production which create a burden on such interests in excess of the normal 1/8th royalty defined above, then such excess royalty, overriding royalty or other payment out of production should be charged against the overriding royalty as herein above set forth, and the same should be reduced by the amount of any such excess.

3. Any owner of the right to drill in said drilling and spacing unit who has not agreed with Applicant to develop said unit and common sources of supply shall be afforded the following election as to all or any portion of said owner's interest:

3a. 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 costs of the well covered hereby, and by paying, as set out herein, to Applicant, such owner's proportionate part of the estimated completed for production costs thereof as set out in paragraph 2a above, or by securing or furnishing security for such payment satisfactory to Applicant; in all events, such owner's cost in said well should not exceed his proportionate part of the actual or reasonable costs thereof which should be determined by the Commission in the event there is a dispute as to such costs; the payment of such owner's proportionate part of the estimated costs of said well, or the securing of such costs or the furnishing of security therefore, as aforesaid, should be accomplished within 25 days from the date of this order, such owner's proportionate part of the costs of and the production from such well and unit to be in proportion to the number of acres such owner has in the unit; or

3b. To receive the cash bonus, plus share of production as set out in paragraph 2b above, which cash bonus shall be paid or tendered by Applicant, if same can be paid or tendered, within 35 days from the date of this order; or

3c. To receive the cash bonus, plus share of production as set out in paragraph 2c above, which cash bonus shall be paid or tendered by Applicant, if same can be paid or tendered, within 35 days from the date of this order.

Provided, however, prior to the payment of bonus consideration and/or royalty to a respondent, said respondent must complete and furnish to Applicant a Federal Form W-9. If a respondent does not provide Applicant with a Federal Form W-9, Applicant may pay their bonus consideration and/or royalty into an escrow account until such time as the appropriate Form W-9 has been furnished.

4. Each owner of the right to drill in said drilling and spacing unit to said common sources of supply covered hereby who has not agreed to develop said unit as a unit, other than Applicant, should be required to select which of the alternatives set out in paragraph 3 above, such owner accepts, in writing, within twenty (20) days from the date of this order; in the event any owner fails to elect in the time and in the manner as set out above, which of the alternatives set forth in paragraph 3 above any such owner accepts, then such owner shall be deemed to have accepted the cash bonus, plus the share of production, as set out in paragraph 2b above; in the event any owner elects to participate in the well or unit covered hereby, but fails to pay such owner's proportionate part of the estimated well costs in the time and in the manner as set forth in this order, then such owner shall be deemed to have accepted the cash bonus, plus the share of production, as set out in paragraph 2b above; if an owner so fails to elect, or having elected to participate fails to timely pay its share of the well costs, all as set forth herein, and if that owner's interest 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 1/8th royalty provided in paragraph 2b above, then such owner shall be deemed to have accepted the option set forth in paragraph 2c above; in the event any owner elects to do other than participate in said well by paying his proportionate share of the costs thereof, or fails to make an election provided above, or having elected to participate fails to pay such owner's proportionate part of the completed for production well costs as provided herein, such owner shall be deemed to have relinquished unto Applicant all of such owner's right, title, interest or claim in and to the well and unit, except for any normal 1/8th royalty interest, defined above, or other share in production to which such owner may be entitled by reason of an election hereunder.

5. Only those owners electing to participate in the initial well drilled hereunder will be allowed to participate in subsequent wells drilled on the drilling and spacing unit and common sources of supply covered hereby. Substitute wells and sidetracking shall not be considered subsequent wells. Owners electing or deemed to have elected the cash consideration plus excess royalty provided in paragraphs 2b or 2c above, for the initial well shall thereafter receive no additional cash consideration for subsequent wells, but shall receive the royalty it originally elected to receive or was deemed to have elected to received.

6. In the event an owner with the right to participate in subsequent wells proposes a subsequent operation, that owner shall notify those owners who elected to participate in all prior operations hereunder of its intended subsequent operation and said owners will have twenty (20) days from the receipt of said notice to elect whether to participate in said subsequent operation or elect one of the alternatives set forth in paragraph 2 above. The notice provided shall include an AFE describing the estimated 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 said notice. Those owners failing to elect within the period provided or those owners electing to participate but failing to pay their share of costs within the period provided shall be deemed to have elected not to participate in the subsequent operation and shall receive the option set forth in paragraph 2 above consisting of the highest cash bonus for which such owner's interest qualifies depending on the excess burdens attached to such interest. Anytime an owner elects or is deemed to have elected not to participate in a subsequent operation, then that owner shall not be allowed to participate in future operations on the drilling and spacing units covered thereby. The Commission shall retain jurisdiction over a dispute arising over the costs of any subsequent operation. Any proposal made under this provision shall expire after 180 days if the subsequent operation has not been commenced.

7. Operator, in addition to any other rights provided herein, shall have a lien as set out in 52 O.S. § 87.1(e) 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.

8. If any payment of bonus, royalty payments or other payments due and owing under this order cannot be made because the person entitled thereto cannot be located or is unknown, then said bonus, royalty payments or other payments shall be paid into an escrow account within ninety (90) days after this order and shall not be commingled with any funds of Applicant or Operator. Provided, however, that the Commission shall retain jurisdiction to grant to financially solid and stable holders an exception to the requirement that such funds be paid into an escrow account and permit such holder to escrow such funds within such holder's organization. Responsibility for filing reports with the Commission as required by law and Commission rule as to bonus, royalty or other payments escrowed hereunder shall be with the applicable holder. Such escrowed funds shall be held for the exclusive use of, and the sole benefit of, the person entitled thereto. It shall be the responsibility of Operator to notify all other holders of this provision and of the Commission rules regarding unclaimed monies under pooling orders.

9. Husky Ventures, Inc., 204 N. Robinson, Suite 1800, Oklahoma City, Oklahoma 73102, 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. Said Operator has a current plugging bond or financial statement on file with the Corporation Commission.

Husky Ventures, Inc. is designated as the party to whom all elections required in paragraph 4 hereof shall be communicated in writing at the address above as required in this Order. All written elections must be mailed and postmarked within the election period as set forth in paragraph 4. Payment of all costs required herein shall be made to Operator and payment of all bonuses, if any, required herein shall be made by Operator.

10. Operator shall have 180 days from the date of this order to diligently prosecute the same to completion in a reasonably prudent manner or this order shall be null and void, except as to the payment of cash bonuses.

11. Applicant, or its Attorney, shall file with the Secretary of the Commission within ten (10) days from the date of this order, an affidavit stating that a copy of this order was mailed within three (3) days from the date of this order to all parties pooled by this order whose addresses are known.

12. 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.

CORPORATION COMMISSION OF OKLAHOMA

Bob Anthony

BOB ANTHONY, CHAIRMAN

Patrice Douglas

PATRICE DOUGLAS, VICE CHAIRMAN

Dana L. Murphy

DANA L. MURPHY, COMMISSIONER

DONE AND PERFORMED THIS 3 DAY OF ~~MARCH~~ ^{APRIL}, 2014.

BY ORDER OF THE COMMISSION

Peggy Mitchell
PEGGY MITCHELL, Secretary

Approved: *Karl F. Hirsch*
Karl F. Hirsch, OBA No. 4232

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing findings and Order are the report and recommendation of the Administrative Law Judge.

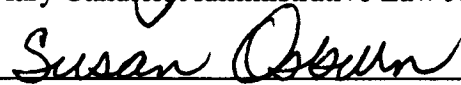
APPROVED:



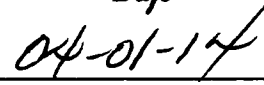
Mary Cardler, Administrative Law Judge



Date



Reviewer



Date

EXHIBIT "A"

**RESPONDENTS WITH KNOWN
ADDRESSES:**

1. Black Stone Minerals Company, L.P.
1001 Fannin, Suite 2020
Houston, TX 77002
2. Bo-Mc Enterprises, LLC
P.O. Box 1765
Enid, OK 73702
3. Carlow Corp.
P.O. Box 11148
Midland, TX 79702
4. Carol L. Burkhart
12275 Keys Rd.
Marietta, OK 73448
DISMISSED
5. Daniel R. Willits, Trustee of the
Summit Trust
P.O. Box 70
Fairview, OK 73737
6. David A. Bash, Jr., Trustee under the
David A. Bash, Jr. Living Trust
dated October 27, 1995
P.O. Box 12882
Oklahoma City, OK 73157
7. Gentry Minerals, LLC
4216 N. Portland, Suite 104
Oklahoma City, OK 73112
8. Jarrett Wilson Bell
2805 S.W. 110th
Oklahoma City, OK 73170
9. Merchants & Planters National Bank
At Sherman
c/o Chase Bank
200 N. Travis St.
Sherman, TX 75090
10. James B. Quinn
c/o Phyllis Marie Fields
3821 E. 56th St.
Tulsa, OK 74135
11. Phyllis Marie Fields
3821 E. 56th St.
Tulsa, OK 74135
DISMISSED
12. Robert Joe Bell
3910 Shady Terrace Dr.
Kingwood, TX 77345-1184
DISMISSED
13. Robin L. Brister
Box 96
Wapanucka, OK 73469
DISMISSED
- 13a. Robin L. Brister
1428 W Artesian Rd
Wapanucka, OK 73461
DISMISSED
14. Shale Royalties 3, LLC
15660 N. Dallas Parkway, Suite 700
Dallas, TX 75248
- 14a. Shale Royalties 3, LLC
3800 Lincoln Plaza
500 North Akard Street
Dallas, TX 75201-6659

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| 15. | Shale Royalties 4, LLC
15660 N Dallas Parkway, Suite 700
Dallas, TX 75248 | 23. | Allie B. Myers |
| 15a. | Shale Royalties 4, LLC
3800 Lincoln Plaza
500 North Akard Street
Dallas, TX 75201-6659 | 24. | Bobbie Brown |
| 16. | Shelley Quinn Brown, Trustee
133 High Pine Circle
Wilbraham, MA 01095 | 25. | David T. Boyett |
| 16a. | Shelley Quinn Brown, Trustee
301 Deerfield Drive, 8QB
Greer, SC 29651 | 26. | Faith Ealey |
| 17. | Sinclair Oil & Gas Company
550 East South Temple
Salt Lake City, UT 84102 | 27. | J.O. Surrell |
| 18. | Sullivan Family Partnership
P.O. Box 1001
Ft. Lauderdale, FL 33302 | 28. | James B. Quinn |
| 19. | TCD Exploration, LLC
211 N. Robinson, Suite 1300
Oklahoma City, OK 73102 | 29. | James Bell |
| 20. | Vineyard Resources, Inc.
P.O. Box 20903
Oklahoma City, OK 73156 | 30. | Joseph M. Schuman |
| 20a. | Vineyard Resources, Inc.
518 Ramblewood Terrace
Oklahoma City, OK 73034 | 31. | Lee D. Jones |
| 21. | Virginia Lay
7635 S. Guthrie Ave.
Tulsa, OK 74132 | 32. | Roberta W. Jones |
| | | 33. | Morris Schuman |
| | | 34. | Ralph W. Bell |
| | | 35. | Ray F. Brown |
| | | 36. | Robert Hampton |
| | | 37. | Sally Curry |
| | | 38. | Sally Wills |
| | | 39. | T.R. Preston, III and First Tennessee
National Corp. Successor to the
Hamilton National Bank of
Chattanooga, Trustees For the
benefit of Nancy Miller Preston,
T.R. Preston IV, Martha Merriam
Preston, Tokeii Preston and Thomas
Watson Preston |
| | | 40. | Theresa Nell Chumbley |
| | | 41. | Walter Lee Templeton |
| | | 42. | Winifred R. Murphy |

**RESPONDENTS WITH UNKNOWN
OR UNLOCATABLE ADDRESSES:**

22. Alice W. Lawrence

43. The Carter Investment Company
5615 Kirby Dr., Suite 502
Houston, TX 77005

**RESPONDENTS LISTED FOR
CURATIVE PURPOSES ONLY
(locatable or unlocatable):**

None.

And if any of the above are deceased or no longer in business, their unknown heirs, devisees, executors, administrators, Trustees, successors and assigns, immediate and remote.