

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: STEPHENS PRODUCTION COMPANY)
)
RELIEF SOUGHT: POOLING) CAUSE CD NO. 201401517
)
LEGAL DESCRIPTION: SECTION 23, TOWNSHIP 18 NORTH,) ORDER NO. **624558**
RANGE 4 WEST, LOGAN COUNTY,)
OKLAHOMA)

ORDER OF THE COMMISSION

1. Hearing Date and Place: 8:30 a.m., March 24, 2014, Jim Thorpe Building, 2101 N. Lincoln Boulevard, Oklahoma City, OK 73105.

2. Appearances: **GREGORY L. MAHAFFEY**, Attorney, appeared for Applicant.

3. Notice and Jurisdiction: Notice has been given as required and the Commission has jurisdiction of the subject and persons. The Commission has conducted a judicial inquiry into the sufficiency of Applicant's search to determine the names and whereabouts of respondents served herein by publication, and based on the evidence adduced, the Commission finds that Applicant, the owner of oil and gas leasehold interests within the lands described in the caption hereof, 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.

4. Amendment: None.

5. Relief Requested: To pool and adjudicate the rights and equities of the owners named on Exhibit "A" in the Mississippian, Woodford and Hunton common sources of supply underlying Section 23, Township 18 North, Range 4 West, Logan County, Oklahoma, and to designate Applicant or some other party as Operator.

6. Relief Granted: 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	623586
Woodford	640-acre Horizontal	623586
Hunton	640-acre Horizontal	623586

Applicant's witness testified that the initial well will be a Mississippian well and that future horizontal wells in the unit are anticipated. Also, Applicant will proceed with diligence to develop all of the common sources of supply named herein, as each will be penetrated in the horizontal Mississippian well and valuable information regarding those formations can be obtained to assist in future development of said common sources of supply. Further, the bonus values testified to are based upon oil and gas leases taken which cover all of the pooled formations. Therefore, as set forth in the Application filed herein,

Applicant believes that it is appropriate that this pooling order treat all of said common sources of supply as an aggregate.

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; however, said owners must make their elections within 20 days from the date of this order. 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.

6.1 **Participate:** To participate in the development of the unit and common source of supply by agreeing to pay such owner's proportionate part of the actual development and operation costs of the initial well covered hereby, which costs shall include a reasonable monthly charge for overhead which may be changed from time to time at the option of Operator, but shall not exceed what is reasonable, and by paying, as set out below, to Operator such owner's proportionate part of the estimated completed for production cost thereof, or by securing or furnishing security in addition to the election to participate for such payment satisfactory to the Operator, within 25 days from the date of this order, as follows:

Completed for production	-	\$ 3,421,535
Completed as a dry hole	-	\$ 1,536,305

provided, however, that in the event an owner elects to participate in said well he thereby agrees to pay his proportionate part of the actual costs thereof and if he 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 furnish security satisfactory to 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 to accept the cash bonus plus overriding or excess royalty, as provided in Paragraph 6.2 below. Thereupon, the payment of such cash bonus shall be made by Operator 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 with Operator and upon receipt of a signed IRS Form W-9.

6.2 **Cash Consideration of \$575.00 Per Acre and 1/8 Total Royalty - Unit Interest:** To accept **\$575.00 per acre** as a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the cost thereof, such cash bonus to be paid by Operator within the later of 35 days from the date of this order or upon receipt of a signed IRS Form W-9 and when so paid shall be satisfaction in full for all rights and interests of such owner in the wells, unit and common sources of supply covered hereby, except for any normal 1/8 royalty interest, as defined in 52 Okla. Stat. § 87.1(e). Provided, however, that if any owner's interest has burdens that exceed the normal 1/8 royalty interest, then, in that event, such owner shall be deemed to have accepted the option provided in Paragraph 6.3 below. **Further, any party electing to accept the consideration set forth in this paragraph must be able to deliver on the date elections are due an 87.5% net revenue interest.**

6.3 **Cash Consideration of \$550.00 Per Acre and 3/16 Total Royalty - Unit Interest:** To accept **\$550.00 per acre plus an overriding royalty or excess royalty of 1/16 x 8/8** as a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the cost thereof; such cash bonus to be paid by Operator within the later of 35 days from the date of this Order or upon receipt of a signed IRS Form W-9 and

when so paid shall be satisfaction in full for all rights and interests of such owner in the wells, unit and common sources of supply covered hereby, except for any normal $1/8$ royalty interest, as defined in 52 Okla. Stat. § 87.1(e); **provided, however, in the event any 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 $1/16 \times 8/8$ overriding or excess royalty as herein set forth, and the same shall be reduced by the amount of any such excess,** and further 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 the normal $1/8$ royalty, plus overriding royalty or excess royalty provided in this paragraph, then in that event, such owner shall be deemed to have accepted the option provided in Paragraph 6.4 below. **Further, any party 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.**

6.4 **Cash Consideration of \$500.00 Per Acre and $1/5$ Total Royalty - Unit Interest:** To accept \$500.00 per acre plus an overriding royalty or excess royalty of $7.5\% \times 8/8$ as a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the cost thereof; such cash bonus to be paid within the later of 35 days from the date of this order or upon receipt of a signed IRS Form W-9 and when so paid shall be satisfaction in full for all rights and interests of such owner in the wells, unit and common sources of supply covered hereby, except for any normal $1/8$ royalty interest, as defined in 52 Okla. Stat. § 87.1(e); **provided, however, in the event any 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 $7.5\% \times 8/8$ overriding or excess royalty as herein set forth, and the same shall be reduced by the amount of any such excess,** and further provided that if an owner's interest has burdens that exceed the normal $1/8$ royalty plus overriding royalty or excess royalty provided in this paragraph, then in that event, such owner shall be deemed to have accepted the option provided in Paragraph 6.5 below. **Further, any party 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.**

6.5 **No Cash Consideration and 22% Total Royalty - Unit Interest:** To accept no cash and an overriding or excess royalty of 9.5% of $8/8$ as a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the cost thereof; such overriding or excess royalty shall be satisfaction in full for all rights and interests of such owner in the wells, unit and common sources of supply covered hereby, except for any normal $1/8$ royalty interest, as defined in 52 Okla. Stat. § 87.1(e); **provided, however, in the event any 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 $1/8 \times 8/8$ overriding royalty 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 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 highest cash bonus and lowest royalty for which such owner qualifies. In the event any owner elects to do other than participate in said well 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 wells, unit and common sources of supply, 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: **Stephens Production Company**
623 Garrison Avenue
FT Smith, AR 72901

an owner of the right to drill in said drilling and spacing unit is designated Operator of the unit wells and common source of supply covered hereby and all elections required in Paragraph 6 hereof shall be communicated to said Operator in writing at the address above as required in this order. All written elections must be mailed and postmarked 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 initial well covered hereby within **180 days** 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, 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 **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 with a financial institution 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 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 this order cannot be made for any other reason, then such bonus shall be paid into an escrow account and shall not be commingled with any funds of the Applicant or Operator. Any royalty payment or other payments due to such person shall be paid into an escrow account by the holder of such funds.

10. Operator's Lien: That Operator, pursuant to 52 Okla. Stat. § 87.1(e) and in addition to any other rights provided herein, shall have a lien on the leasehold estate and the share of production from the unit pooled hereby of any owner subject to the terms of this order who has elected to participate in the initial well covered hereby. Such lien shall secure the payment of the participant's proportionate share of all costs incurred in the development and operation of the unit.

11. Special Finding: That Applicant exercised due diligence to locate each of the respondents subject to this Application and that a bona fide effort was made to reach an agreement with each respondent and that Applicant has not agreed with all such respondents 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 unit; that Applicant has proposed the drilling of the initial well on said unit and to develop said common source 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 source of supply.

12. Special Provisions:

12.1 Non-participants: The granting of the relief requested by Applicant shall include the intent of Applicant to pool and adjudicate the rights and equities of the owners in the tract described herein as to those separate common source of supply set forth above to be tested by the proposed well on

a unit basis and not on a borehole basis for any wells drilled as to the respective separate common source of supply cited herein. That the election not to participate as a working interest in the proposed initial unit well shall operate to foreclose the interests of the respondents as to elections to participate in any subsequent well that may at some future time be drilled within the subject unit pursuant to this order; and that the initial election made by respondents herein shall be binding as to the respondents, their assigns, heirs, representatives, agents, or estate for the first and all subsequent wells drilled pursuant to this order.

12.2 Participation in Subsequent Wells: Only those owners who participate ("Participants") both in the initial well and any subsequent well drilled hereunder can participate in subsequent wells drilled on the drilling and spacing unit covered hereby. Owners electing or deemed to have elected in the initial well any option contained herein other than participation shall receive no cash consideration for subsequent wells, but shall receive for subsequent wells the same excess royalty, if any, initially elected. In the event Participant ("Proposing Party") proposes the drilling of a subsequent well it shall notify those owners who elected to participate in the prior well of its intent to drill a subsequent well, and said owners will have **20 days** from the receipt of said notice to elect whether to participate in said subsequent well or accept the option set forth in **Paragraph 6.2** herein. The notice provided by the Proposing Party shall be by facsimile or by certified mail and shall include the approximate location, depth and an AFE containing the proposed costs of the subsequent well, and owners electing to participate must pay to the Operator or furnish security satisfactory to Operator for their proportionate share of said costs within **25 days** from the receipt of notice from the Proposing Party. 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 be deemed to have elected the option set forth in **Paragraph 6.2** herein. Any bonus due hereunder will be paid within **35 days** of the receipt of notice from the Proposing Party or upon receipt of an executed IRS form W-9 by the Proposing Party, whichever is later. Any such proposal shall expire **180 days** after the date thereof if operations for the drilling of the well proposed thereby have not commenced, ; and all parties shall be in the same position as if no well had been proposed. Any time 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 under the terms of this order. That location exception, density or other regulatory authority must be obtained, if necessary for the drilling of the subsequent well, before a valid proposal can be made. If the Operator hereunder elects to participate in subsequent operations with any part of its interest there shall be no change of operator hereunder. The Oklahoma Corporation Commission shall retain jurisdiction to determine the reasonableness of the drilling and completion costs proposed by Applicant 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 unit well, 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 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.

13. Filing of Affidavit: That 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.

14. 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

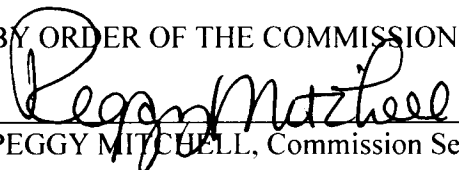

BOB ANTHONY, Chairman


PATRICE DOUGLAS, Vice Chairman


DANA L. MURPHY, Commissioner


DONE AND PERFORMED ON APRIL 28, 2014.

BY ORDER OF THE COMMISSION:


PEGGY MITCHELL, Commission Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing Findings and Order are the Report and Recommendation of the Administrative Law Judge.


NILES E. STUCK
Administrative Law Judge


Date


REVIEWER


Date

APPROVED:



GREGORY L. MAHAFFEY, OBA #5626
Attorney for Applicant

EXHIBIT "A"
CAUSE CD NO. 201401517

STEPHENS PRODUCTION COMPANY, POOLING RESPONDENT LIST
SECTION 23, TOWNSHIP 18 NORTH, RANGE 4 WEST, LOGAN COUNTY, OKLAHOMA
Those Parties with "Unlocatable" preceding their names, if any, were not located. Those parties with
"Curative" preceding their names, if any, were pooled for curative purposes.

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|-----|---|-----|---|
| 1. | Arapahoe Resources, LLC
P. O. Box 57107
Oklahoma City, OK 73157 | 11. | Come Big or Stay Home, LLC
9701 N. Broadway
Oklahoma City, OK 73114 |
| 2. | Bandera Minerals, LLC
7134 S. Yale Ave., Suite 510
Tulsa, OK 74136 | 12. | Deborah S. Anthis-Bartens
Singerstraat 46
<i>1064 WP Amsterdam, The Netherlands</i> |
| 3. | Black Stone Minerals, Company, L.P.
1001 Fannin, Ste 2020
Houston, TX 77002 | 13. | Delcie Marie Koch
a/k/a Delcie Marie Koch Hight
c/o Lucian Rahe Koch
7800 Xerxes Ave.
Brooklyn Park, MN 55444 |
| 4. | C.L. Head
c/o Helen Head Epstein
446 Kawaihae St., Apt. 343
Honolulu, HI 96825 | 14. | Edith C. Weitzenhoffer
c//o Laurence Atshuler
129 E. 26 th Place
Tulsa, OK 74114 |
| 5. | Calumet Oil Company
c/o Chaparrel Energy, LLC
701 Cedar Lake Blvd.
Oklahoma City, OK 73114 | 15. | Edith Rahe
c/o Marilyn F. Good
3028 Wanetta Ave.
Edmond, OK 73013 |
| 6. | Cedar Farms Investments, LLC
P. O. Box 3670
Edmond, OK 73083 | 16. | Edward C. Greene
c/o Ilene Greene
12720 Sunlight Dr.
Dallas, TX 75230 |
| 7. | Chancy E. Stapleton
c/o Ronald Gayle Seikel
505 West Dr.
Tuttle, OK 73089 | 17. | Emmett A. Good
c/o Kelly McGuire
4234 Winchester Ave.
Odessa, TX 79762 |
| 8. | Charlotte Ann Morrison
c/o Charles D. Morrison
P. O. Box 14936
Oklahoma City, OK 73113 | 18. | Fuller Energy, LLC
c/o Laurie Fuller
2707 N. Country Club Dr.
Muskogee, OK 74403 |
| 9. | Clarence Dale Good
c/o Marilyn F. Good
3028 Wanetta Ave.
Edmond, OK 73013 | 19. | Helen Head Epstein
446 Kawaihae St., Apt. 343
Honolulu, HI 96825 |
| 10. | Clarence M. Good, a/k/a C.M. Good
c/o Marilyn F. Good
3028 Wanetta Ave.
Edmond, OK 73013 | 20. | Henry M. Weitzenhoffer
c/o Laurence Altshuler
129 E. 26 th Place
Tulsa, OK 74114 |

21. Innovative Royalty Systems, s/b
American Innovative Royalty Systems
c/o Michael Watson & Katrina Watson
924 C.R. 174
Cotter, AR 72626
22. Jack Rahe Koch
c/o Lucian Rahe Koch
7800 Xerxes Ave.
Brooklyn Park, MN 55444
23. Kenneth Paul Altshuler
175 Bowie Hill Rd.
Durham, ME 04222
24. Kirby Minerals,
an Oklahoma General Partnership
101 N. Robinson, Ste 1000
Oklahoma City, OK 73102
25. Laurence H. Altshuler
129 E. 26th Place
Tulsa, OK 74114
26. Linda Fernandez
400 Park Shore Dr., Unit 200
Naples, FL 34103
27. Mark Weitzenhoffer
c/o Beverly Weitzenhoffer
2660 Silver Hill Dr.
Fort Worth, TX 76131
28. Maud Schlegal
c/o Kelly McGuire
4234 Winchester Ave.
Odessa, TX 79762
29. MBI Oil and Gas, LLC
P. O. Box 7
Belfeid, ND 58622
30. MPJ Energy, LLC
1629 Westminister Pl.
Oklahoma City, OK 73120
31. MSK, LLC
644 Planet Pl.
Denver, CO 80260
32. **UNLOCATABLE**
O.M. Nagl
Unknown Successors or Assigns
3845 Kingfisher Way
Las Vegas, NV 89103
33. Orie R. Dooley
c/o Orie R. Dooley, Jr.
6620 N. Winery
Fresno, CA 93710
34. Orion Exploration Partners, LLC
4870 S. Lewis Ave., Suite 240
Tulsa, OK 74105
35. PEC Minerals, LP
14860 Montfort Dr. Ste 209
Dallas, TX 75254
36. Perry Greene
6921 163rd Pl., SW
Edmonds, WA 98026
37. Pierce Energy, LLC
c/o Lisa Pierce
1024 NW 71st St.
Oklahoma City, OK 73116
38. Ralph Fillmore
c/o Ralph B. Fillmore
202 Ashborough Circle
Dodhan, AL 36301
39. Raymong Anthis, s/b Raymond Anthis
c/o Martha Sue Anthis
4610 30th Street
Lubbock, TX 79410
40. Rowsey Energy, LLC
c/o Lynn Rowsey
3675 Hill Circle
Colorado Springs, CO 80904
41. S.C. Clemens
c/o David Clemens
5212 McMurry Ave.
Ft. Collins, CO 80525
42. Sendero Land Company, LLC
2801 Coltrane Place, Suite 2
Edmond, OK 73034

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|---|---|
| 43. Slawson Exploration Company, Inc.
727 North Waco, Suite 400
Wichita, KS 67203 | 48. The Pfanentiel Company, LLC
P. O. Box 12928
Oklahoma City, OK 73114 |
| 44. DISMISS
Stella Good Rucker
c/o Alton Rush, Attorney-in-Fact for
Daniel C. Rush
2361 S. Uecker Lane
Lewisville, TX 75067 | 49. Theo Michael Seikel, Jr.
13845 Crest Glen Rd.
Edmond, OK 73013 |
| 45. Stephany Fillmore
c/o Angela Fillmore Bachman
12700 Oakdale View Dr.
Edmond, OK 73013 | 50. U.S. Energy Development Corporation
2350 North Forest Rd.
Getzville, NY 14068 |
| 46. Stewart Geological, Inc.
2650 Overland Ave.
Billings, MT 59102 | <u>ADDRESSES UNKNOWN</u> |
| 47. DISMISS
The Chadwell Family Trust
c/o A. Ben Chadwell
18755 W. Bernardo Dr.
San Diego, CA 92127 | U 1. Clayton Chadwell - CURATIVE
ADDRESS UNKNOWN |
| | U 2. Wallace Chadwell - CURATIVE
ADDRESS UNKNOWN |

AND, IF ANY OF THE FOREGOING BE DECEASED, THE UNKNOWN HEIRS, EXECUTORS, ADMINISTRATORS, DEVISEES, TRUSTEES AND ASSIGNS, IMMEDIATE AND REMOTE, OF ANY SUCH PARTY