

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA

APPLICANT:	HUSKY VENTURES, INC.)
RELIEF SOUGHT:	FORCE POOLING) CAUSE CD NO.
LEGAL DESCRIPTION:	SE/4 OF SECTION 24,)
	TOWNSHIP 2 SOUTH,) 201401938
	RANGE 8 EAST,)
	JOHNSTON COUNTY, OKLAHOMA) ORDER NO.
) <u>625594</u>

ORDER OF THE COMMISSION

This cause came on for hearing before an Administrative Law Judge for the Corporation Commission of Oklahoma on the 15th day of April, 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 Wapanucka, Hunton, Viola, Upper McLish and Basal McLish common sources of supply underlying the SE/4 of Section 24, Township 2 South, Range 8 East, Johnston County, Oklahoma, a 160-acre drilling and spacing unit as established by Order No. 147635 and in the Spiro, Cromwell, Mayes-Sycamore, Woodford, Bromide, Upper Oil Creek, Basal Oil Creek and Arbuckle common sources of supply underlying the SE/4 of Section 24, Township 2 South, Range 8 East, Johnston County, Oklahoma, a 160-acre drilling and spacing unit established by Order No. 624858.

2. Amendments to the Application: None.

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. 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. 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 the SE/4 of Section 24, Township 2 South, Range 8 East, Atoka County, Oklahoma, to a depth sufficient to test the Spiro, Wapanucka, Cromwell, Mayes-Sycamore, Woodford, Hunton, Viola, Bromide, Upper McLish, Basal McLish, Upper Oil Creek, Basal Oil Creek and Arbuckle 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 SE/4 of Section 24, Township 2 South, Range 8 East, Atoka County, Oklahoma, a drilling and spacing unit for the Spiro, Wapanucka, Cromwell, Mayes-Sycamore, Woodford, Hunton, Viola, Bromide, Upper McLish, Basal McLish, Upper Oil Creek, Basal Oil Creek and Arbuckle 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:	\$976,000.00
Completed for production:	\$1,541,740.00

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 and the proposal shall be null and void and the interests of the parties shall be as if that subsequent well proposal had never been made.

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 19 DAY OF MAY, 2014.

BY ORDER OF THE COMMISSION

Peggy Mitchell

PEGGY MITCHELL, Secretary

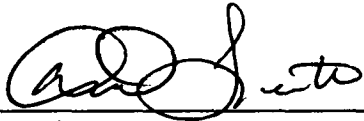
Approved: *Karl F. Hirsch*

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:



5-15-14

David Leavitt, Administrative Law Judge

Date


Reviewer

5-15-14

Date

EXHIBIT "A"

**RESPONDENTS WITH KNOWN
ADDRESSES:**

1. Alliance Strickland, an Oklahoma LLC
c/o Alliance Exchange Group, Inc.
Kenneth Eugene Strickland, Jr.
2030 E. 4th Street , # 115D
Santa Anna, CA 92705
2. Barbara L. Travis
15308 Beach Drive NE
Lake Forest Part, WA 98155
3. Cissy R. Travis Revocable Living
Trust, Trust created by declaration of
trust dated 11-19-84
135 Coral Cay Drive
Palm Beach Gardens, FL 33418
UNKNOWN ADDRESS
4. Edna Mae Olsen
1814 Leahy Avenue
Pawhuska, OK 74056
5. Federal Life Insurance Company
3750 W. Deerfield Road
Riverwoods, IL 60015
6. James B. Lofton
3010 State St. Apt. 206
Dallas, TX 75204
7. Janie Hamilton
621 Kihkah Ave.
Pawhuska, OK 74056
8. Jennifer Travis Nissenbaum, Trustee
of the Jennifer Travis Nissenbaum
Revocable Living Trust under
Agreement dated 24 November 1995
136 Via Quanetera
Palm Beach Gardens, FL 33418
9. John W. Coyle, III
125 Park Avenue
Oklahoma City, OK 73102
10. Kenneth Eugene Strickland
Living Trust u/t/a 11-22-96
2030 E. 4th Street, #115D
Santa Anna, CA 92705
11. Laura J. Travis
P.O. Box 2870
Jackson, WY 83001
UNKNOWN ADDRESS
12. Laura Nissenbaum, Trustee of the
Laura Nissenbaum Revocable Living
Trust under Agreement dated 24
November 1995
136 Via Quanetera
Palm Beach Gardens, FL 33418
13. Lawerance I. Travis
424 Lonbard Avenue
Pacific Palisades, CA 90272
14. Lee Hamilton Barnhisel
1243 NW 34th St.
Lawton, OK 73505
15. Richard N. Coyle. Trustee or the
Successor(s) in Trust of the Richard
N. Coyle, 1996 Revocable Trust
under Agreement dated 7/10/1996
6501 Avondale Drive
Oklahoma City, OK 73116
16. Richard Price Coyle
3404 B. Forest Wood
Bryan, TX 77801

17. Rita Annette Nissenbaum Revocable Trust, Trust created by declaration of trust dated 11-19-84
136 Via Quantera
Palm Beach Garden, FL 33418
18. Robert Nolan Coyle
6501 Avondale Drive
Oklahoma City, OK 73116
19. Shannon Coyle Manning
125 Park Avenue
Oklahoma City, OK 73102
20. William Sean Coyle
6501 Avondale Drive
Oklahoma City, OK 73116

RESPONDENTS WITH UNKNOWN OR UNLOCATABLE ADDRESSES:

21. Dee Jay Barton
22. Dorothy Lee Hamilton
23. Dorothy Mills
24. Felix Royal Barton
25. Louis R. Travis, deceased
26. Donald Edward Mills, deceased
27. M.S. "Melvin" Willis, deceased
28. Adeline Willis, deceased
29. O.C. Willis, deceased
30. Mattie Willis, deceased
31. Oma Lee Mills, deceased
32. Ralph E. Barton, deceased

33. Roy H. Mills, deceased
34. Vivian Nichols Coyle, deceased

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

35. 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.