

JLM
1-21-16

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA

APPLICANT: NEWFIELD EXPLORATION MID-CONTINENT INC.

RELIEF SOUGHT: POOLING (PART OF A MULTIUNIT HORIZONTAL WELL)

LEGAL DESCRIPTION: SECTION 20, TOWNSHIP 17 NORTH, RANGE 8 WEST, KINGFISHER COUNTY, OKLAHOMA

CAUSE CD NO.

201503464-T

ORDER NO.

648976

FINDINGS AND ORDER

1. Hearing Date and Place: 8:30 a.m., 20th day of November, 2015, Eastern Regional Office, 440 South Houston, Tulsa, Oklahoma 74127.

2. Appearances: Grayson Barnes, Attorney, appeared for Applicant; and Freda Williams, Attorney, appeared for Chesapeake Operating, L.L.C. and Chesapeake Exploration, L.L.C.

3. Companion Causes: Spacing Cause CD No. 201503459-T, Multiunit Horizontal Well Cause CD No. 201503460-T, Location Exception Cause CD No. 201503461-T, Exception to OAC 10-3-28 Cause CD No. 201503462-T and Pooling Cause CD No. 201503463-T and Exception to OAC 165-5-7-6(h) Cause CD No. 201503480-T.

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

5. Amendment: At hearing the Mississippian common source of supply was amended to Meramec and the Virgilian, Missourian, Des Moines, Atoka, Woodford and Hunton common sources of supply were dismissed from the Application.

6. 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 source of supply described below and to designate the Applicant or some other party as operator.

7. 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 source of supply as indicated.

<u>Common Source of Supply</u>	<u>Size of Unit</u>	<u>Order No.</u>
Meramec	640-acre horizontal	647789

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.

7.1 **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	\$3,150,000
Completed for production	\$8,261,000

Pursuant to Multiunit Horizontal Well Interim Order to issue in Cause CD No. 201503460-T these costs will be allocated on an interim basis approximately 50% to Section 20 and 50% to Section 17, Township 17 North, Range 8 West, Kingfisher County, Oklahoma subject to adjustment by a Final Order in Cause CD No. 201503460-T.

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 7.2, 7.3 or 7.4 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.

Prior to the payment of bonus consideration and/or royalty consideration to a Respondent by Applicant, said Respondent must complete and furnish to Applicant a Federal Form W-9. The form being required is for federal tax purposes. A Respondent who does not provide the Applicant with a Federal Form W-9, shall not be entitled to payment by Applicant until such time as the appropriate Federal Form W-9 has been furnished.

7.2 **Cash Consideration:** **To accept \$2,750 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.

7.3 **Cash Consideration:** **To accept \$2,500 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 $\frac{1}{8}$ 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.

7.4 Cash Consideration: **To accept \$2,250 per acre plus a total royalty of $\frac{1}{5}$** 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 7.5% 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.

8. **Failure to Elect:** In the event any owner fails to elect within the time and in the manner as set forth in paragraph 7 above, then such owner shall be deemed to have accepted the highest cash bonus plus royalty for which because of burdens such owner's interest qualifies as set out in paragraphs as set out in paragraphs 7.2, 7.3 and 7.4 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.

9. **Operator:** **Newfield Exploration Mid-Continent Inc.**
Attn: Cole Carter
One Williams Center, Suite 1900
Tulsa, Oklahoma, 74172

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 7 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 7; 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 7. That said Operator has a current plugging bond or financial statement on file with the Corporation Commission.

10. **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 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.

11. 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 7.2, 7.3 or 7.4 above shall receive no additional cash consideration for subsequent wells, but shall receive the royalty provided therein for subsequent wells. The term subsequent well for the purposes of paragraphs 11 and 12 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.

12. Election on Subsequent Operations: In the event Newfield Exploration Mid-Continent Inc. ("Newfield") proposes the drilling of a subsequent well or wells 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 Newfield 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 Newfield to secure the payment, of their proportionate share of said complete well costs within 25 days from the date of receipt of notice from Newfield. 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 7 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. Newfield 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 Newfield for subsequent wells. Any well proposal made under this provision shall expire after 180 days if no well has been commenced. If no well has commenced under said well proposal, all parties shall be restored to their status prior to proposing the subsequent well or wells.

13. 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.

14. 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.

15. 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.

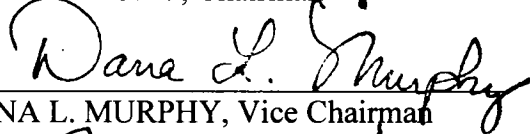
16. Newfield Exploration Mid-Continent Inc. is proposing to develop the common source of supply in the drilling and spacing unit covered hereby in the aggregate as a group or unit. The Applicant intends to evaluate and develop the Meramec common source of supply, as a reasonably prudent operator under the same or similar circumstances. 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 common source of supply involved here in the aggregate as a group or unit. Newfield Exploration Mid-Continent Inc. is the owner of the right to drill a well into, to produce hydrocarbons from and to appropriate production from the common source of supply in the unit involved herein.

17. 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.

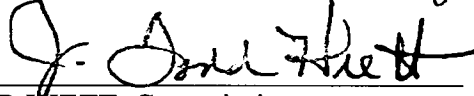
CORPORATION COMMISSION OF OKLAHOMA



BOB ANTHONY, Chairman



DANA L. MURPHY, Vice Chairman



J. TODD HIATT, Commissioner

DONE AND PERFORMED this 25 day of January, 2016.

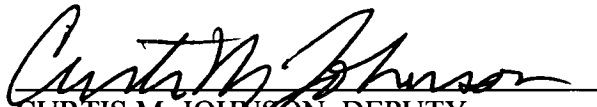
BY ORDER OF THE COMMISSION:


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

1-11-16
Date


REVIEWER

01-15-16
Date

APPROVED AS TO FORM
AND CONTENT:


GRAYSON BARNES, OBA #31475

EXHIBIT "A"

1. BRG Production Company
7134 South Yale, Suite 600
Tulsa, OK 74136
2. Vanguard Oil and Gas Inc.
1415 North Loop West, Suite 830
Houston, TX 77008
3. BRG Petroleum Inc.
7134 South Yale, Suite 600
Tulsa, OK 74136
4. ONEOK Resources Company
c/o Cheapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154
5. Interfirst Bank Dallas
c/o Bank of America
c/o Susan I. Reif, SVP
Asset Management – OREO East
100 South Charles St. 3rd Floor
Baltimore, MD 21201
6. Chesapeake Exploration Limited
Partnership
P.O. Box 18496
Oklahoma City, OK 73154
7. Midwest Energy Companies Inc.
c/o Martin Vaughan
1703 E. 30th Place
Tulsa, OK 74114
8. Virgie L. Weinheimer and Jack R.
Weinheimer, Trustees of the
Weinheimer Family Trust dated
August 17, 2001
c/o J.R. Weinheimer
6936 E. 65th Place
Tulsa, OK 74113
9. Suess Company
2518 E. 25th St.
Tulsa, OK 74114
10. Suess Company
8787 E. 105th Ct.
Tulsa, OK 74133
11. Yale Avenue Ltd
P.O. Box 4470
Tulsa, OK 74159
12. Unit Petroleum
P.O. Box 702500
Tulsa, OK 74170
13. Bank of America, NA, formerly First
National Bank of Tahlequah
c/o Susan I. Reif, SVP
Asset Management – OREO East
100 South Charles St. 3rd Floor
Baltimore, MD 21201
14. Clark Resources
c/o BRG Production Company
7134 South Yale, Suite 600
Tulsa, OK 74136
15. Charles R Carroll
7723 S. Yale Avenue
Tulsa, OK 74136
16. Frank Blizzard, Blizco Petroleum
7016 Quail Run Road
Burton, TX 77835
17. Wynn-Fowler Energy Associates
Inc.
c/o Hugh Wynn
17214 Hillview Lane
Spring, TX 77379

EXHIBIT "A"

- | | | | |
|-----|--|-----|---|
| 18. | Robert E McKay
4350 S. Norfolk Ave.
Tulsa, OK 74105 | 27. | Kevin Simmons
P.O. Box 951
Breckenridge, TX 76424 |
| 19. | Mosaic Company, successor to
Freeport-McMoRan, successor to
Petro-Lewis Corp.
c/o Carmen Kilde
3033 Campus Drive
Plymouth, MN 55441 | 28. | Muriel Winter Marital Trust #2,
Joseph M Bernstein and Muriel
Winter, Co-Trustees c/o Godfrey &
Kahn
780 N. Water Street
Milwaukee, WI 53202 |
| 20. | Griffin Minerals LP
P.O. Box 1666
Breckenridge , TX 76424 | 29. | Petco Employees Corporation
c/o Encana Oil and Gas, possible
successor
370 - 17th St., Suite 1700
Denver, CO 80202 |
| 21. | Pardue 2 LP
P.O. Box 388
Breckenridge , TX 76424 | 30. | Brian P. Burns
231 Bradley Place
Palm Beach, FL 33480 |
| 22. | Ebeling Oil LLC
5203 Emil Avenue
Amarillo, TX 79106 | 31. | Jeff D. Griffin
PO Box 1666
Breckenridge, TX 76424 |
| 23. | Swanson Oil, LLC
c/o Echols Energy
P.O. Box 1597
Breckenridge, TX 76424 | 32. | Charles E.F. Millard, deceased
c/o Marylou Millard a/k/a Marylou
Ferrara
16 Vannoy Avenue
Pennington, NJ 08534-0000 |
| 24. | Beck Resources
P.O. Box 175
Hennessey, OK 73742 | 33. | Continental Resources, successor to
Metro Crane, Inc.
20 N. Broadway Ave.
Oklahoma City, OK 73102 |
| 25. | Gary D. and Dianne O. Sublett
230 E. Walker Street
Breckenridge, TX 76424 | 34. | Native Oil and Gas LLC
P.O. Box 1693
Oklahoma City, OK 73103 |
| 26. | Clegg Inc.
P.O. Box 50
Breckenridge , TX 76424 | | |

EXHIBIT "A"

35. Gill Royalty Co.
P.O. Box 697
Okmulgee, OK 74447
36. Dale Oklahoma, LLC
2100 Ross Avenue, Suite 1870
Dallas, TX 75201
37. **MOVED TO ADDRESS
UNKNOWN**
38. Joe R. Kennedy, deceased
c/o Robert W. Kennedy
201 Foxborough Drive SW
Leesburg, VA 20175
39. Robert E. Lynch, MD
3507 E. 66th Place
Tulsa, OK 74136
40. **MOVED TO ADDRESS
UNKNOWN**
41. Ketch, et al
c/o Betty Ketchum
6162 S. Louisville Avenue
Tulsa, OK 74136
- ADDRESS UNKNOWN**
- Clayoquot Resources Ltd.
333 7 Avenue SW, #1306
Calgary, Alberta T2P 2Z1 (#37)**
- Van Company Oil & Energy
P.O. Box 70575
Tulsa, OK 74170 (#40)**
- CURATIVE**
42. George Rempe and Elizabeth L
Rempe
PO Box 264
Bartlesville, OK 74005
43. King Properties Inc.
PO Box 10
Bixby, OK 74008
44. Teddy Victor Tucker Operating
Company LLC
P.O. Box 8
Wewoka, OK 74884
45. Edward B. Fox, deceased
c/o Freddie Mae Fox
611 S. Cedar Street
Bristow, OK 74010
46. Orion Properties Inc.
11776 S. 76th E Ave
Bixby, OK 74008
47. Michael Edward Krittenbrink and
Juanita M Krittenbrink as JTWROS
28188 N. 2780 Road
Okarche, OK 73762
48. Kiana Lou Chandler
23031 S. 289th W. Ave.
Bristow, OK 74010
49. Argonaut VPP, LLC
c/o Kaiser Francis Oil Company
6733 S. Yale Avenue
Tulsa, OK 74136

EXHIBIT "A"

CURATIVE ADDRESS UNKNOWN

None

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