BEFORE THE CORPORATION COMMISSION 
OF THE STATE OF OKLAHOMA

APPLICANT: MARATHON OIL COMPANY

RELIEF SOUGHT: DRILLING AND SPACING UNITS

LEGAL DESCRIPTION: ALL OF SECTION 18, TOWNSHIP 3 NORTH, RANGE 4 WEST, GARVIN COUNTY, OKLAHOMA

ORDER OF THE COMMISSION

Administrative Law Judge; Date and Place of Hearing:

This Cause came on for hearing before Paul Porter, Administrative Law Judge for the Corporation Commission of Oklahoma, on the 3rd day of October, 2011, at 8:30 a.m., in the Commission Courtroom, Jim Thorpe Building, Oklahoma City, Oklahoma, pursuant to notice given as required by law and by the rules of the Commission, for the purpose of hearing, taking testimony and reporting his findings and recommendations to the Commission. The Administrative Law Judge heard the Cause and filed a report with the Commission, which report has been considered and the Commission therefore finds, adjudicates and orders as follows.

Appearances:

Robert A. Miller, Attorney, appeared for the Applicant, Marathon Oil Company; David Pepper, Attorney, appeared for Continental Resources, Inc.; and Emily P. Smith, Attorney, appeared for Chesapeake Operating, Inc., and Chesapeake Exploration, L.L.C.

FINDINGS

Relief Requested:

That this is the application of Marathon Oil Company for an order establishing 640 acre drilling and spacing units for the Mississippian, Woodford, Hunton, Viola, Simpson Group, and Arbuckle common sources of supply underlying all of Section 18, Township 3 North, Range 4 West, Garvin County, Oklahoma. That Applicant owns oil and gas interests in the area covered by the Application in this cause which entitle Applicant to drill for and produce oil and gas from the lands covered by the Application.
Jurisdiction and Notice:

2. That the Commission has jurisdiction over the subject matter and the persons interested herein. That the Commission conducted a judicial inquiry into the sufficiency of Applicant's search to determine the names and whereabouts of the respondents who were served herein by publication, and based on the evidence adduced, the Commission finds that the Applicant 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.

Proposed Spacing:

3. That underlying the lands described in paragraph 1 above, there are the actual or prospective common sources of supply, named below, which are expected to be encountered and which should be classified with drilling and spacing units and well locations, established as follows:

<table>
<thead>
<tr>
<th>Common Source of Supply</th>
<th>Classification and Depth</th>
<th>Drilling and Spacing Unit Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mississippian</td>
<td>Gas - 14,000'</td>
<td>640 acres</td>
</tr>
<tr>
<td>Woodford</td>
<td>Gas - 14,350'</td>
<td>640 acres</td>
</tr>
<tr>
<td>Hunton</td>
<td>Gas - 14,620'</td>
<td>640 acres</td>
</tr>
<tr>
<td>Viola</td>
<td>Gas - 15,175'</td>
<td>640 acres</td>
</tr>
<tr>
<td>Simpson Group</td>
<td>Gas - 15,500'</td>
<td>640 acres</td>
</tr>
<tr>
<td>Arbuckle</td>
<td>Gas - 17,045'</td>
<td>640 acres</td>
</tr>
</tbody>
</table>

Extension of Previous Order(s):

4. That heretofore, by Order No. 213539, dated April 16, 1982, this Commission established 640 acre drilling and spacing units for the production of gas from the Mississippian, Woodford, Hunton, Viola, and Arbuckle common sources of supply underlying all of Section 19, Township 3 North, Range 4 West, Garvin County, Oklahoma, and said Order No. 213539 should be extended to include within its purview as to the Mississippian, Woodford, Hunton, Viola, and Arbuckle common sources of supply underlying all of Section 18, Township 3 North, Range 4 West, Garvin County, Oklahoma.

Establishing New Spacing:

5. That 640 acre drilling and spacing units should be established for the Simpson Group common source of supply underlying all of Section 18, Township 3 North, Range 4 West, Garvin County, Oklahoma.
Rationale for Proposed Spacing:

6. That from the evidence, it appears that the common sources of supply named in paragraph 3 above will underlie all of the lands described in paragraph 1 above; that one well will adequately, economically, and efficiently drain at least an area of the size of the drilling and spacing units as set out in paragraph 3 above; that the size of the drilling and spacing units set out in said paragraph 3 is the minimum which should be established for the common sources of supply named in said paragraph 3. That the permitted well in the drilling and spacing units established hereby is necessary to effectively and efficiently drain the portion of the common sources of supply (reservoir) covered by such drilling and spacing units, there being no existing well within the drilling and spacing units which can effectively and efficiently drain the portion of the common sources of supply (reservoir) covered by such drilling and spacing units. That to prevent, or assist in preventing, the various types of waste prohibited by statute, or any said wastes, or to protect or assist in protecting the correlative rights of interested parties, the Commission should and does hereby establish drilling and spacing units as set out under "Order" below.

ORDER

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

Units Established:

1. That drilling and spacing units be and the same are hereby established as follows:

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<td>Arbuckle</td>
<td>Gas - 17,045'</td>
<td>640 acres</td>
</tr>
</tbody>
</table>

Underlying the following described premises, to-wit:

All of Section 18, Township 3 North, Range 4 West, Garvin County, Oklahoma;

by extending the purview of Order No. 213539
Cause CD No. 201104439
Applicant: Marathon Oil Company
Order of the Commission - Spacing

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<tr>
<td>Simpson Group</td>
<td>Gas - 15,500'</td>
<td>640 acres</td>
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Underlying the following described premises, to-wit:

All of Section 18, Township 3 North, Range 4 West, Garvin County, Oklahoma;

by new spacing

**Makeup of Unit:**

2. That the drilling and spacing units shall consist of governmental sections.

**Well Location:**

3. That each well hereafter drilled to said common sources of supply on said drilling and spacing units established hereby must be drilled not less than 1,320 feet from the unit boundary.

**Royalty Pooled and Unitized:**

4. That all royalty interests within each drilling and spacing unit are pooled and unitized and each royalty owner shall share in the one-eighth of all production from any well thereon in the proportion that the acreage owned by each such royalty owner bears to the entire acreage in the drilling and spacing unit.

5. That when there are two or more separately owned tracts or undivided interests separately owned within any drilling and spacing unit established hereby, the owners thereof may validly pool their interests and develop the drilling and spacing unit as a unit; that where, however, such owners have not agreed to so pool their interests and to develop the drilling and spacing unit as a unit, their rights and equities shall be pooled and adjudicated as provided in subsection e, Section 87.1, Title 52, O.S.

**Limitations on Number and Location of Wells:**

6. That no more than one well shall hereafter be produced from the common sources of supply named above on any drilling and spacing unit established hereby and the permitted well on any drilling and spacing unit established hereby shall be drilled only at the location thereon as prescribed above, unless the Commission, prior to the drilling of said well, shall have authorized a well location exception therefor in accordance with Section 87.1, Title 52, O.S.
Caution CD No. 201104439
Applicant: Marathon Oil Company
Order of the Commission - Spacing

Necessity: Effect on Existing Spacing Rules:

7. That the permitted well authorized for the drilling and spacing units established hereby is necessary to effectively and efficiently drain the portion of the common sources of supply (reservoir) covered by such drilling and spacing units, there being no existing well within such drilling and spacing units. This Order shall alter the well spacing rules and requirements previously applicable to the common sources of supply (reservoir) underlying the drilling and spacing units established by this Order by superseding the provisions of OCC-OGR 165:10-1-21, General Well Spacing Requirements, to the extent such provisions are inconsistent with this Order.

Plat:

8. That attached hereto and made a part hereof as Exhibit "A", is a plat of the drilling and spacing unit established by this Order and the permitted well therefor.

Effective Date:

9. That this Order shall be effective as of the date below.

DONE AND PERFORMED this 20 day of October, 2011.

CORPORATION COMMISSION OF OKLAHOMA

Bob Anthony, Vice Chairman

Patrice Douglas, Commissioner

ATTEST:

Peggy Mitchell, Secretary of the Commission

APPROVED AS TO FORM AND CONTENT:

Robert A. Miller
Cause CD No. 201104439  
Applicant: Marathon Oil Company  
Order of the Commission - Spacing

REPORT OF THE ADMINISTRATIVE LAW JUDGE

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

[Signatures and dates]

Paul Porter, Administrative Law Judge

Reviewer

Date

Oct. 14, 2011

Date

10/18/11
CAUSE CD NO. 201104439
APPLICANT: Marathon Oil Company
SPACING OF: Mississippian, Woodford, Hunton, Viola, Simpson Group, and Arbuckle common sources of supply
UNDERLYING: All of Section 18, Township 3 North, Range 4 West, Garvin County, Oklahoma.

640 acre drilling and spacing units consisting of governmental sections, and with the permitted well to be located not less than 1,320 feet from the unit boundary.

EXHIBIT "A"