

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
CONTINENTAL OIL COMPANY FOR AN ORDER) CAUSE CD NO. 22035
CREATING THE S. E. VELMA SIMS UNIT,)
LOCATED IN CARTER COUNTY, OKLAHOMA,) ORDER NO. 58748
AND PRESCRIBING A PLAN OF UNITIZATION)
THEREFOR)

REPORT OF THE COMMISSION

This order came on for hearing before the Corporation Commission of the State of Oklahoma, on the 11th day of May, 1965, in the Commission's Courtroom, Capitol Office Building, Oklahoma City, Oklahoma, the Honorable Ray C. Jones, Chairman; Harold Freeman, Vice-Chairman; and Wilburn Cartwright, Commissioner, sitting.

When the case was called, the same was referred to W. H. Sollers, Trial Examiner, for the purpose of taking testimony and reporting to the Commission.

Robert E. Gill, Jr., Attorney, appeared for the applicant and Ferrill Rogers, Conservation Attorney, and Nell Fisher, Assistant Conservation Attorney, appeared for the Commission.

The Trial Examiner, W. H. Sollers, proceeded to hear the cause and, at the conclusion of the hearing and after receiving all of the evidence offered and hearing all of the testimony presented, filed with the Commission his report recommending that the application be granted, which report and recommendation is hereby adopted, and the Commission, therefore, finds as follows:

F I N D I N G S

1. This is an application by Continental Oil Company for the unitization of the Sims Sand common source of supply underlying lands described as

NE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$,
and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 7, Township 2 South, Range
3 West; NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$,
SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$,
NW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$,
E $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, and E $\frac{1}{2}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$
of Section 18, Township 2 South, Range 3 West;
SW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$,
SE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$,
SW $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$,
and SE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, Township 2 South,
Range 3 West; NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$,
and NE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 20, Township 2 South,
Range 3 West, Carter County, Oklahoma;

said application being made and filed pursuant to the provisions of Senate Bill No. 203 of the 1951 Legislature of the State of Oklahoma, appearing as Title 52, Sections 287.1 through 287.15, O.S.A. 1961.

2. That notice of filing of the Application herein and of the time, place and purpose of the hearing thereon was regularly given in all respects, as required by law, and the Commission has jurisdiction over the subject matter and of the persons interested therein, and has jurisdiction to enter the order hereinafter set forth, and the Commission finds generally that all of the material allegations of the application filed herein are true and correct and are supported by the evidence.

3. The applicant is presently and was at the time the application was filed herein the owner of valid and existing oil and gas leases, and was the lessee of record as to the Sims Sand common source of supply underlying lands included within the area sought to be unitized herein. The lands within the area of the proposed unit described hereinabove are delineated upon a plat which is attached to the Plan of Unitization and marked Exhibit "A," and which lands are hereinafter referred to as the "Unit Area." The plat of the Unit Area referred to above is adopted and made a part hereof by reference.

4. The Commission finds that the Unit Area hereinabove described is underlain by and constitutes a substantial part of the Sims Sand common source of supply of oil and gas containing economically recoverable secondary oil; that each tract included within the Unit Area has been determined and proved to be productive of oil and gas from the Sims Sand common source of supply of oil and gas by actual drilling operations.

5. The Commission further finds that the unitized management, operation and further development of the portion of the said common source of supply of oil and gas which is involved, is reasonably necessary in order to effectively carry on pressure maintenance or repressuring operations, cycling operations, waterflooding operations, or any combination thereof, or any other form of joint effort calculated to substantially increase the ultimate recovery of oil and gas from the common source of supply; that one or more of said unitized methods of operations, as applied to such part of said common source of supply of oil and gas, are feasible, will prevent waste and will, with reasonable probability, result in the increased recovery of substantially more oil and gas from said common source of supply than would be otherwise recovered; and the estimated additional cost of conducting such operations will not exceed the value of the additional oil and gas so recovered.

6. The Commission further finds that this proposed Unit and the adoption of one or more of the unitized methods of operation is for the common good and will result in the general advantage of the owners of the oil and gas rights within the portion of the common source of supply which is directly affected.

7. The Commission further finds that the size and shape of the Unit Area is such as is reasonably required for the successful and efficient conduct of the unitized method or methods of operation for which the Unit is to be created, and that such Unit and the conduct of unitized operations thereof will have no material adverse effect upon such part of said common source of supply containing economically recoverable secondary oil but not included within the Unit Area.

8. The Commission further finds that the Plan of Unitization, which is attached to the application on file herein and presented to the Commission for approval and which is made a part hereof by reference, is suited to the needs and requirements of this particular Unit designated in the said plan as "S. E. Velma Sims Unit"; that the terms and provisions of said Plan of Unitization are adequate and proper to effectuate and accomplish the purposes of the statute hereinabove referred to; that said Plan contains fair, reasonable and equitable provisions for:

- (a) Efficient unitized management or control of the further development and operation of the Unit for the recovery of oil and gas from that portion of the common source of supply affected.
- (b) The division of interests or a formula for the apportionment and allocation of the unit production among, and to the several separately owned tracts within the Unit Area, such as will reasonably permit persons otherwise entitled to share in or benefit by the production from the separately owned tracts to produce or receive in lieu thereof their fair, equitable and reasonable share of the unit production or the benefits therefrom.
- (c) The manner in which the unit and the further development and operation of the Unit Area shall or may be financed and the basic terms and conditions on which the cost and expense thereof shall be apportioned among and assessed against the tracts and interests made chargeable therewith, including a detailed accounting procedure governing all charges and credits pertinent to such operations.
- (d) The procedure and basis upon which wells, equipment and other property of the several lessees within the Unit Area are to be taken over and used for unit operations, including the method of arriving at the compensation therefor or of otherwise proportionately equalizing or adjusting the investment of the several lessees in the project as of the effective date of the Unit Area.
- (e) The creation of an Operating Committee and appropriate subcommittees for the general and overall management and control of the unit and the conduct of its business and affairs and the operations carried on by it.
- (f) The time when the Plan of Unitization shall be and become effective.

- (g) The time when, conditions under which, and the method by which the Unit shall or may be dissolved and its affairs wound up.

9. It is the further finding of the Commission that the Application herein and the Plan of Unitization presented and the evidence and testimony in support thereof conform to and comply with the requirements of Senate Bill No. 203 of the 1951 Legislature of the State of Oklahoma, appearing as Title 52, Sections 287.1 through 287.15 O.S.A. 1961.

10. It is the further finding of the Commission that Exhibit "B" attached to the Plan of Unitization incorrectly described Tract 6 in part as the SW $\frac{1}{2}$ NW $\frac{1}{2}$ NW $\frac{1}{2}$ of Section 18, Township 2 South, Range 3 West, Carter County, Oklahoma, instead of the SE $\frac{1}{2}$ NW $\frac{1}{2}$ NW $\frac{1}{2}$ of Section 18, Township 2 South, Range 3 West, Carter County, Oklahoma, and incorrectly described Tract 7 in part as the NW $\frac{1}{2}$ NE $\frac{1}{2}$ SW $\frac{1}{2}$ of Section 18, Township 2 South, Range 3 West, Carter County, Oklahoma, instead of the SE $\frac{1}{2}$ SE $\frac{1}{2}$ NW $\frac{1}{2}$ of Section 18, Township 2 South, Range 3 West, Carter County, Oklahoma, and that a new Revised Exhibit "B" has been mailed to the owners of interest affected thereby.

11. That the Plan of Unitization has been signed, or in writing ratified or approved by lessees of record of not less than sixty-three per centum (63%) of the Unit Area affected thereby, i.e., sixty-six per cent (66%), and by owners of record of not less than sixty-three per centum (63%) (exclusive of royalty interests owned by lessees or by subsidiaries of any lessees) of the normal one-eighth (1/8) royalty interest in and to the Unit Area, i.e., eighty-one per centum (81%).

O R D E R

IT IS, THEREFORE, ordered by the Corporation Commission of the State of Oklahoma, as follows:

1. That the Application filed herein be and the same is hereby granted.

2. That the S. E. Velma Sims Unit is hereby created and made fully effective for all purposes from this date in accordance with, upon, and subject to the terms, provisions and conditions of the Plan of Unitization attached to the said Application, and presented to the Commission for approval.

3. That the Plan of Unitization which is attached to the Application herein on file is made a part of this Order by reference and is hereby approved, and such Plan of Unitization shall constitute the Plan of Unitization in and for the said S. E. Velma Sims Unit and the Unit Area of said Unit, all to the same extent and with the same force and effect as if said Plan of Unitization was copied herein in its entirety.

4. That the Unit Area of the above described Unit so created shall include all of the lands which are hereinabove described, being Tracts 1 through 18, inclusive, on the plat which is attached to the Plan of Unitization and marked Exhibit "A."

5. That said Exhibit "A" attached to the Plan of Unitization is corrected by changing the description of Tract 6 from the SW $\frac{1}{2}$ NW $\frac{1}{2}$ NW $\frac{1}{2}$ of Section 18, Township 2 South, Range 3 West, Carter County, Oklahoma, to the SE $\frac{1}{2}$ NW $\frac{1}{2}$ NW $\frac{1}{2}$ of Section 18, Township 2 South, Range 3 West, Carter County, Oklahoma, and by changing the description of Tract 7 from the NW $\frac{1}{2}$ NE $\frac{1}{2}$ SW $\frac{1}{2}$ of Section 18, Township 2 South, Range 3 West, Carter County, Oklahoma, to the SE $\frac{1}{2}$ SE $\frac{1}{2}$ NW $\frac{1}{2}$ of Section 18, Township 2 South, Range 3 West, Carter County, Oklahoma.

6. That each of the separately owned tracts located within the Unit Area shall become, subject to the terms and provisions of the Plan of Unitization, participants in the unit production and any other benefits and burdens of the Unit in accordance with the Table of Percentages, which is set forth as Exhibit "B" to the said Plan of Unitization.

7. The Unit and the unit operator shall, from time to time, make such reports to the Commission concerning the operation of the Unit Area, as may be required by the Commission.

8. The Commission retains continuing jurisdiction over the said Unit for the purpose of amending, modifying and interpreting the terms and provisions of this Order and the Plan of Unitization of the said Unit.

DONE AND PERFORMED by the Corporation Commission of the State of Oklahoma, at its office in the Capitol Office Building, Oklahoma City, Oklahoma, on this 11th day of May, 1965.

CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

Ray C. Jones
Ray C. Jones, Chairman

Harold Freeman
Harold Freeman, Vice-Chairman

Wilburn Cartwright
Wilburn Cartwright, Commissioner

ATTEST:

Carl B. Mitchell
Secretary