

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: CAMINO NATURAL RESOURCES, LLC)
RELIEF SOUGHT: POOLING) Cause CD No 202001913
LEGAL DESCRIPTION: All of Section 21,)
Township 1 South,)
Range 4 West of the IM,)
Stephens County, Oklahoma)
and the W½ of said Section 21) Order No. 716397

ORDER OF THE COMMISSION

Findings and Order

1. Administrative Law Judge, Hearing Date and Place: This cause initially came on for hearing before Jan Preslar, Administrative Law Judge for the Corporation Commission of Oklahoma, on December 22, 2020, in the assigned Administrative Law Judge's courtroom, Jim Thorpe Building, Oklahoma City, Oklahoma. The record in this cause was reopen before Jan Preslar, Administrative Law Judge for the Corporation Commission of Oklahoma, on December 22, 2020, to correct the testimony previously presented as to the non-participating options granted under this order.
2. Appearances: John R. Reeves, attorney, appeared for Applicant, Camino Natural Resources, LLC. This cause was not protested.
3. Notice and Jurisdiction: The Commission has jurisdiction of the subject matter herein and of the persons interested therein and has jurisdiction to enter this order as hereinafter set forth. Notice of the filing of the application herein and of the time, date and place of the hearing thereon was duly and properly given in all respects as required by law and the rules of the Commission. The Administrative Law Judge conducted a judicial and adjudicative inquiry into the sufficiency of Applicant's search to determine the name and whereabouts of the respondent involved in this matter and based upon the evidence adduced, the Commission finds that Applicant has exercised due diligence and has conducted a meaningful search of all reasonably available sources at hand. The Commission hereby approves the service of notice, including the publication service, given herein as meeting the statutory requirements, rules of the Commission and minimum standards of state and federal due process, and finds that notice has been given in all respects as required by law and the rules of the Commission.
4. Amendments: At the hearing herein, the application in this cause was not amended.
5. Relief Requested: 5.1 The application in this cause requests the Corporation Commission of Oklahoma to enter an order pooling the drilling rights and working interest, and fixing and determining the equities with respect thereto, of the owners involved herein the 640-acre horizontal well unit formed in Section 21, Township 1 South, Range 4 West of the IM, Stephens County, Oklahoma, for the Woodford common source of supply, and in the 320-acre horizontal well unit formed in the W½ of said Section 21 for the Sycamore common source of supply, and designating Applicant or some other

party recommended by Applicant as Operator under the plan of development to be established in this cause for the separate common sources of supply in the horizontal well units involved herein, including the initial unit well and any subsequent well or wells drilled under or otherwise covered by such plan of development of such units.

5.2 By Order No. 706648, the Commission formed a 640-acre horizontal well unit in Section 21, Township 1 South, Range 4 West of the IM, Stephens County, Oklahoma, for the Woodford common source of supply, and formed a 320-acre horizontal well unit in the W½ of said Section 21 for the Sycamore common source of supply.

6. Relief Granted:

6.1 The relief requested, as described above, is hereby granted so that the rights and equities of the owners involved herein are hereby pooled, adjudicated and determined as to the drilling and developing of and the production of oil and gas from the 640-acre horizontal well unit formed in Section 21, Township 1 South, Range 4 West of the IM, Stephens County, Oklahoma, for the Woodford common source of supply, and the 320-acre horizontal well unit formed in the W½ of said Section 21 for the Sycamore common source of supply.

6.2 The initial unit well covered by this pooling order is a multiunit horizontal well, under 52 O.S. §87.6 et seq., in the Targeted Reservoir consisting of the Sycamore common source of supply as the primary target of development of such well, with the Woodford common source of supply being immediately adjacent to and adjoining the Sycamore common source of supply and initially constituting an Adjacent Common Source of Supply in regard to the Sycamore common source of supply. Such initial unit well has been authorized as a multiunit horizontal well by final Order No. 715756 entered in Cause CD No. 201904616. The initial unit well covered hereby has been drilled into and completed in the Sycamore common source of supply in the 320-acre horizontal well units formed for such common source of supply in the W½ of said Section 21 and in the W½ of Section 16, Township 1 South, Range 4 West of the IM, Stephens County, Oklahoma. A subsequent well after the initial unit well covered hereby may be proposed to be drilled under this pooling order to further develop the Sycamore common source of supply as the primary target, and may be a multiunit horizontal well in such common source of supply as the primary target of development, with the Woodford common source of supply being an Adjacent Common Source of Supply. Furthermore, a subsequent well after the initial unit well covered hereby may be proposed to be drilled under this pooling order to develop the Woodford common source of supply as the primary target of development and may be a multiunit horizontal well in such common source of supply as the primary target of development, with the Sycamore common source of supply being an Adjacent Common Source of Supply. Given the development of the separate common sources of supply in the horizontal well units covered hereby, there is hereby established in this pooling order two separate "pooled units." The first of these "pooled units" shall cover and include the development by the initial unit well covered hereby as a multiunit horizontal well, as described above, with the primary target of development being the Sycamore common source of supply and with the Woodford common source of supply being an Adjacent Common Source of Supply, and shall be labeled for purposes of this pooling order as the "Sycamore Unit." The second of these "pooled units" shall cover and include the proposed development by a subsequent well of the Woodford common source of supply as the primary target of development of such subsequent well, including any such subsequent well that is a multiunit horizontal well with the primary target of

development being the Woodford common source of supply and with the Sycamore common source of supply being an Adjacent Common Source of Supply, and shall be labeled for purposes of this pooling order as the "Woodford Unit."

6.3 Any owner involved herein shall be afforded the opportunity for separate elections as between the Sycamore Unit and Woodford Unit. Any owner involved herein who desires to make such a separate election shall make a written election under paragraph 6.5, below, as to the Sycamore Unit, thereby reserving such owner's right to make separate and distinct elections under paragraph 6.6, below, as to the Woodford Unit. In this regard, if an owner makes a timely and proper written election not to participate as a working interest owner in the development of the Sycamore Unit, but to reserve such owner's right to make separate and distinct elections as to the Woodford Unit, such owner shall retain the right to participate as a working interest owner in the subsequent development of the Woodford Unit. However, any owner involved herein who does not desire to participate as a working interest owner in the development of the Sycamore Unit and the Woodford Unit shall be given the ability to waive such owner's right to such separate elections and to elect not to participate as a working interest owner in the development of the Sycamore Unit and the Woodford Unit, so as to receive consideration for such owner's drilling rights or working interest in both such units as set forth in paragraph 6.7, below. An election not to participate as a working interest owner in the development of the Sycamore Unit and the Woodford Unit shall result in such owner relinquishing all of such owner's drilling rights or working interest in both of the separate common sources of supply in the horizontal well units covered hereby.

6.4 In order to effectuate the separate elections under this pooling order as to the Sycamore Unit and the Woodford Unit, the cash bonuses to be paid to the parties who choose to make separate elections as to such units have been allocated between such units based upon a comparison of the quality of and the potential production from the separate common sources of supply involved herein as previously adopted by the Commission in pooling Order No. 708846, which pooling order amended, superseded and replaced pooling Order No. 707360. Based upon such analysis, 60% of such cash bonuses are hereby allocated to the Sycamore Unit and 40% of such cash bonuses are hereby allocated to the Woodford Unit. In this regard, if an owner waives such owner's right to a separate election as to the Sycamore Unit and the Woodford Unit by electing under paragraph 6.7, below, such owner shall receive 100% of the applicable cash bonus for the drilling rights or working interest that such owner relinquishes under this pooling order in both of the separate common sources of supply involved herein.

6.5 Options – Sycamore Unit. In regard to any owner involved herein who makes an election as to the development of the Sycamore Unit and to reserve the right to make a separate election as to the development of the Woodford Unit, the fair and reasonable compensation to be paid to such owner, for the drilling rights or working interest relinquished by such owner under this paragraph 6.5 in the Sycamore Unit, is as set forth below in subparagraph (ii), (iii), (iv) or (v) of this paragraph, and any owner who makes an election as to the development of the Sycamore Unit and to reserve the right to make a separate election as to the Woodford Unit is hereby accorded the following options as to the development of the Sycamore Unit:

(i) Participation. To participate in the working interest in and the development of the Sycamore Unit under this pooling order by

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agreeing to pay such owner's proportionate part of the actual costs of any well covered hereby to develop the Sycamore Unit and by paying as set forth herein, to Operator, such owner's proportionate part of the \$8,132,377.00 estimated total costs of the initial unit well covered hereby as allocated to the Sycamore Unit (being \$4,011,880.48, as described in paragraph 8.1, below), or in lieu of such payment, furnishing to Operator security satisfactory to Operator for the payment thereof, within twenty-five (25) days after the date of entry of this order, so as to perfect such election to so participate; such owner's proportionate part of the costs of, and of the production from, any such well to be in the proportion that the number of net mineral acres in the Sycamore Unit covered by the drilling rights or working interest owned by such owner bears to the entire number of mineral acres in the Sycamore Unit; or

(ii) **\$1,950.00 per acre Cash Bonus plus a 1/8th Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Sycamore Unit under this pooling order, to elect to receive a sum of \$1,950.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by such owner in such unit, as the case may be, with the normal 1/8th royalty as defined in 52 O.S. §87.1; provided, however, in the event such owner's interest in the Sycamore Unit is burdened by a royalty or other burden on production totaling not more than 1/8th of 8/8ths (hereinafter referred to as "burdens"), all such burdens shall be charged against the royalty provided for immediately above so that such royalty shall be reduced by the amount of all such burdens and therefore, any owner electing this option shall deliver under this order a net revenue interest in the Sycamore Unit of 87.5% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order; and provided, further, that such royalty provided for above and such net revenue interest of 87.5% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Sycamore Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Sycamore Unit; or

(iii) **\$1,800.00 per acre Cash Bonus plus a 3/16ths Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Sycamore Unit under this pooling order, to elect to receive a sum of \$1,800.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by such owner in such unit, as the case may be, plus an excess royalty or overriding royalty (in addition to the normal 1/8th royalty as defined in 52 O.S. § 87.1) in the maximum amount of 1/16th of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, free and clear of all costs, expenses and risks incurred in or in connection with the drilling, completing, testing and equipping of any such well covered hereby; provided, however, in the event such owner's interest in the Sycamore Unit is burdened by a royalty, excess royalty, overriding royalty, production payment or other burden on production in excess of the normal 1/8th royalty as defined above (hereinafter referred to as "burdens"), all such burdens shall be charged against such excess royalty or overriding royalty of 1/16th of 8/8ths so that such excess royalty or overriding royalty shall be reduced by the amount of all such burdens and

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therefore, any owner electing this option shall deliver under this order a net revenue interest in the Sycamore Unit of 81.25% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, with such net revenue interest being determined by deducting from such owner's share of production all existing royalties, excess or overriding royalties (including the one provided for immediately above) and other non-operating or non-cost bearing burdens; and provided, further, that such excess royalty or overriding royalty of 1/16th of 8/8ths, subject to the reduction provided for immediately above, and such net revenue interest of 81.25% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Sycamore Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Sycamore Unit; or

(iv) **\$1,500.00 per acre Cash Bonus plus a 1/5th Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Sycamore Unit under this pooling order, to elect to receive a sum of \$1,500.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by such owner in such unit, as the case may be, plus an excess royalty or overriding royalty (in addition to the normal 1/8th royalty as defined in 52 O.S. § 87.1) in the maximum amount of 7.5% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, free and clear of all costs, expenses and risks incurred in or in connection with the drilling, completing, testing and equipping of any such well covered hereby; provided, however, in the event such owner's interest in the Sycamore Unit is burdened by a royalty, excess royalty, overriding royalty, production payment or other burden on production in excess of the normal 1/8th royalty as defined above (hereinafter referred to as "burdens"), all such burdens shall be charged against such excess royalty or overriding royalty of 7.5% of 8/8ths so that such excess royalty or overriding royalty shall be reduced by the amount of all such burdens and therefore, any owner electing this option shall deliver under this order a net revenue interest in the Sycamore Unit of 80% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, with such net revenue interest being determined by deducting from such owner's share of production all existing royalties, excess or overriding royalties (including the one provided for immediately above) and other non-operating or non-cost bearing burdens; and provided, further, that such excess royalty or overriding royalty of 7.5% of 8/8ths, subject to the reduction provided for immediately above, and such net revenue interest of 80% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Sycamore Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Sycamore Unit; or

(v) **\$780.00 per acre Cash Bonus plus a 1/4th Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Sycamore Unit under this pooling order, to elect to receive a sum of \$780.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by

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such owner in such unit, as the case may be, plus an excess royalty or overriding royalty (in addition to the normal 1/8th royalty as defined in 52 O.S. § 87.1) in the maximum amount of 1/8th of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, free and clear of all costs, expenses and risks incurred in or in connection with the drilling, completing, testing and equipping of any such well covered hereby; provided, however, in the event such owner's interest in the Sycamore Unit is burdened by a royalty, excess royalty, overriding royalty, production payment or other burden on production in excess of the normal 1/8th royalty as defined above (hereinafter referred to as "burdens"), all such burdens shall be charged against such excess royalty or overriding royalty of 1/8th of 8/8ths so that such excess royalty or overriding royalty shall be reduced by the amount of all such burdens; provided, further, in the event the drilling rights or working interest in the Sycamore Unit of such owner is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 1/4th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit of 75% of 8/8ths of such production, then such owner may elect this option, but such owner shall have no right to receive and shall not receive the cash bonus described immediately above in this subparagraph, but shall receive a sum of \$10.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by such owner in such unit, as the case may be; and only owners electing this option who are able to deliver a net revenue interest in the Sycamore Unit of 75% of 8/8ths of such production are entitled to receive and will receive the \$780.00 per net mineral acre as described above in this subparagraph; and provided, further, that such excess royalty or overriding royalty of 1/8th of 8/8ths, subject to the reduction provided for immediately above, and the net revenue interest in the Sycamore Unit delivered under this order by an owner electing this option shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Sycamore Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Sycamore Unit;

provided, however, if the drilling rights or working interest in the Sycamore Unit of any owner covered by this paragraph 6.5 is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 1/8th of 8/8ths but not more than 3/16ths of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit of 87.5% of 8/8ths of such production, but is able to deliver under this order a net revenue interest in the Sycamore Unit of 81.25% of 8/8ths of such production, then such owner may elect only the option in subparagraph (i), (iii), (iv) or (v), above; provided, further, if the drilling rights or working interest in the Sycamore Unit of any owner covered by this paragraph 6.5 is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 3/16ths of 8/8ths but not more than 1/5th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit of 81.25% of 8/8ths of such production, but is able to deliver under this order a net revenue interest in the Sycamore

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Unit of 80% of 8/8ths of such production, then such owner may elect only the option in subparagraph (i), (iv) or (v), above; and provided, further, if the drilling rights or working interest in the Sycamore Unit of any owner covered by this paragraph 6.5 is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 1/5th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit of 80% of 8/8ths of such production, then such owner may elect only the option in either subparagraph (i) or (v), above. Any cash bonus which becomes payable under this order by virtue of any election made under this paragraph 6.5 shall be paid or tendered by Camino Natural Resources, LLC and in connection with any such election or constructive election as to such initial unit well, Camino Natural Resources, LLC shall acquire from any owner herein pooled all forced pooled acreage in the Sycamore Unit, being the interests in the Sycamore Unit relinquished hereunder by any owner herein pooled who elected or was deemed to have elected not to participate in the working interest in and the development of the Sycamore Unit under this order. In the event any owner elects under this paragraph not to participate in the working interest in and the development of the Sycamore Unit under this order, such owner shall be deemed to have relinquished under this order to Operator all of such owner's right, title, interest or claim in and to the Sycamore Unit (including the initial unit well and any subsequent well or wells to develop the Sycamore Unit), except for the normal 1/8th royalty as defined above and any other share in production to which such owner may be entitled by virtue of any election or constructive election hereunder. Subject to the proviso set forth immediately above (in regard to a limitation on the available options due to burdens on the drilling rights or working interest of any owner covered hereby), any owner whose drilling rights or working interest is herein pooled and who is covered by this paragraph may make an election (covering such owner's full interest in the Sycamore Unit) of any one or more of the applicable options set forth in subparagraphs (i), (ii), (iii), (iv) and (v), above, and if such owner's election covers more than one of such applicable options, such owner shall specify in such election the portion of such owner's interest to be allocated to each such separate option so elected.

6.6 Options – Woodford Unit. In regard to any owner involved herein who has made a written election under paragraph 6.5, above, as to the Sycamore Unit and who has reserved the right to make a separate election as to the Woodford Unit, the fair and reasonable compensation to be paid to such owner, for the drilling rights or working interest relinquished by such owner under this paragraph 6.6 in the Woodford Unit, is as set forth below in subparagraph (ii), (iii), (iv) or (v) of this paragraph. Any owner desiring to make an election as to the development of the Woodford Unit under this paragraph 6.6 shall also be subject to the provisions of section 13 of this order and shall be accorded the following options as to the development of the Woodford Unit:

(i) Participation. To participate in the working interest in and the development of the Woodford Unit under this pooling order by agreeing to pay such owner's proportionate part of the actual costs of any well covered hereby to develop the Woodford Unit, and as set forth in section 13 of this order, by paying, to Operator, such owner's proportionate part of the estimated costs of any well to develop the Woodford Unit, or in lieu of such payment, furnishing to Operator security satisfactory to Operator for the payment thereof,

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within the time period provided for in section 13 of this order so as to perfect such election to so participate; such owner's proportionate part of the costs of, and of the production from, any such well to be in the proportion that the number of net mineral acres in the Woodford Unit covered by the drilling rights or working interest owned by such owner bears to the entire number of mineral acres in the Woodford Unit; or

(ii) **\$1,300.00 per acre Cash Bonus plus a 1/8th Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Woodford Unit under this pooling order, to elect to receive a sum of \$1,300.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by such owner in such unit, as the case may be, with the normal 1/8th royalty as defined in 52 O.S. §87.1; provided, however, in the event such owner's interest in the Woodford Unit is burdened by a royalty or other burden on production totaling not more than 1/8th of 8/8ths (hereinafter referred to as "burdens"), all such burdens shall be charged against the royalty provided for immediately above so that such royalty shall be reduced by the amount of all such burdens and therefore, any owner electing this option shall deliver under this order a net revenue interest in the Woodford Unit of 87.5% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order; and provided, further, that such royalty provided for above and such net revenue interest of 87.5% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Woodford Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Woodford Unit; or

(iii) **\$1,200.00 per acre Cash Bonus plus a 3/16ths Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Woodford Unit under this pooling order, to elect to receive a sum of \$1,200.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by such owner in such unit, as the case may be, plus an excess royalty or overriding royalty (in addition to the normal 1/8th royalty as defined in 52 O.S. § 87.1) in the maximum amount of 1/16th of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, free and clear of all costs, expenses and risks incurred in or in connection with the drilling, completing, testing and equipping of any such well covered hereby; provided, however, in the event such owner's interest in the Woodford Unit is burdened by a royalty, excess royalty, overriding royalty, production payment or other burden on production in excess of the normal 1/8th royalty as defined above (hereinafter referred to as "burdens"), all such burdens shall be charged against such excess royalty or overriding royalty of 1/16th of 8/8ths so that such excess royalty or overriding royalty shall be reduced by the amount of all such burdens and therefore, any owner electing this option shall deliver under this order a net revenue interest in the Woodford Unit of 81.25% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, with such net revenue interest being determined by deducting from such owner's share of production all existing royalties, excess or overriding royalties (including the one provided for immediately above) and other non-operating or non-cost bearing

burdens; and provided, further, that such excess royalty or overriding royalty of 1/16th of 8/8ths, subject to the reduction provided for immediately above, and such net revenue interest of 81.25% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Woodford Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Woodford Unit; or

(iv) **\$1,000.00 per acre Cash Bonus plus a 1/5th Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Woodford Unit under this pooling order, to elect to receive a sum of \$1,000.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by such owner in such unit, as the case may be, plus an excess royalty or overriding royalty (in addition to the normal 1/8th royalty as defined in 52 O.S. § 87.1) in the maximum amount of 7.5% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, free and clear of all costs, expenses and risks incurred in or in connection with the drilling, completing, testing and equipping of any such well covered hereby; provided, however, in the event such owner's interest in the Woodford Unit is burdened by a royalty, excess royalty, overriding royalty, production payment or other burden on production in excess of the normal 1/8th royalty as defined above (hereinafter referred to as "burdens"), all such burdens shall be charged against such excess royalty or overriding royalty of 7.5% of 8/8ths so that such excess royalty or overriding royalty shall be reduced by the amount of all such burdens and therefore, any owner electing this option shall deliver under this order a net revenue interest in the Woodford Unit of 80% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, with such net revenue interest being determined by deducting from such owner's share of production all existing royalties, excess or overriding royalties (including the one provided for immediately above) and other non-operating or non-cost bearing burdens; and provided, further, that such excess royalty or overriding royalty of 7.5% of 8/8ths, subject to the reduction provided for immediately above, and such net revenue interest of 80% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Woodford Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Woodford Unit; or

(v) **\$520.00 per acre Cash Bonus plus a 1/4th Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Woodford Unit under this pooling order, to elect to receive a sum of \$520.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by such owner in such unit, as the case may be, plus an excess royalty or overriding royalty (in addition to the normal 1/8th royalty as defined in 52 O.S. § 87.1) in the maximum amount of 1/8th of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, free and clear of all costs, expenses and risks incurred in or in connection with the drilling, completing, testing and equipping of any such well covered hereby; provided, however, in the event such owner's interest in the Woodford Unit is burdened by a royalty, excess royalty, overriding royalty, production payment or other burden on production in excess of

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the normal 1/8th royalty as defined above (hereinafter referred to as "burdens"), all such burdens shall be charged against such excess royalty or overriding royalty of 1/8th of 8/8ths so that such excess royalty or overriding royalty shall be reduced by the amount of all such burdens; provided, further, in the event the drilling rights or working interest in the Woodford Unit of such owner is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 1/4th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Woodford Unit of 75% of 8/8ths of such production, then such owner may elect this option, but such owner shall have no right to receive and shall not receive the cash bonus described immediately above in this subparagraph, but shall receive a sum of \$10.00 per net mineral acre owned by such owner in such unit or per net mineral acre covered by an oil and gas lease held by such owner in such unit, as the case may be; and only owners electing this option who are able to deliver a net revenue interest in the Woodford Unit of 75% of 8/8ths of such production are entitled to receive and will receive the \$520.00 per net mineral acre as described above in this subparagraph; and provided, further, that such excess royalty or overriding royalty of 1/8th of 8/8ths, subject to the reduction provided for immediately above, and the net revenue interest in the Woodford Unit delivered under this order by an owner electing this option shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Woodford Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Woodford Unit;

provided, however, if the drilling rights or working interest in the Woodford Unit of any owner covered by this paragraph 6.6 is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 1/8th of 8/8ths but not more than 3/16ths of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Woodford Unit of 87.5% of 8/8ths of such production, but is able to deliver under this order a net revenue interest in the Woodford Unit of 81.25% of 8/8ths of such production, then such owner may elect only the option in subparagraph (i), (iii), (iv) or (v) above; provided, further, if the drilling rights or working interest in the Woodford Unit of any owner covered by this paragraph 6.6 is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 3/16ths of 8/8ths but not more than 1/5th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Woodford Unit of 81.25% of 8/8ths of such production, but is able to deliver under this order a net revenue interest in the Woodford Unit of 80% of 8/8ths of such production, then such owner may elect only the option in subparagraph (i), (iv) or (v) above; and provided, further, if the drilling rights or working interest in the Woodford Unit of any owner covered by this paragraph 6.6 is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 1/5th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Woodford Unit of 80% of 8/8ths of such production, then such owner may elect only the option in either

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subparagraph (i) or (v), above. Any cash bonus which becomes payable under this order by virtue of any election made under this paragraph 6.6 shall be paid or tendered pursuant to section 13 of this order. All forced pooled acreage in the Woodford Unit, being the interests in the Woodford Unit relinquished hereunder by any owner herein pooled who elected or was deemed to have elected under this order not to participate in the working interest in and the development of the Woodford Unit shall be acquired by Camino Natural Resources, LLC. In the event any owner elects or is deemed to have elected under this order not to participate in the working interest in and the development of the Woodford Unit, such owner shall be deemed to have relinquished under this order to Operator all of such owner's right, title, interest or claim in and to the Woodford Unit (including any subsequent well or wells to develop the Woodford Unit), except for the normal 1/8th royalty as defined above and any other share in production to which such owner may be entitled by virtue of any election or constructive election hereunder. Subject to the proviso set forth immediately above (in regard to a limitation on the available options due to burdens on the drilling rights or working interest of any owner covered hereby), any owner whose drilling rights or working interest is herein pooled and who is covered by this paragraph may make an election (covering such owner's full interest in the Woodford Unit) of any one or more of the applicable options set forth in subparagraphs (i), (ii), (iii), (iv) and (v), above, and if such owner's election covers more than one of such applicable options, such owner shall specify in such election the portion of such owner's interest to be allocated to each such separate option so elected.

6.7 Options - Non-Participation. In regard to any owner who does not desire to participate as a working interest owner in the development of the Sycamore Unit and the Woodford Unit and who desires to waive such owner's right to make separate elections as to such units, the fair and reasonable consideration to be paid to such owner, for the drilling rights or working interest relinquished by such owner under this paragraph 6.7 in the Sycamore Unit and the Woodford Unit, is as set forth below in subparagraph (i), (ii), (iii) and (iv) of this paragraph; and any such owner who does not desire to so participate in such units is hereby accorded the following options, with the election of any such option as set forth below constituting such owner's election not to so participate in such units and such owner's waiver of such owner's right to make such separate elections as to such units:

(i) **\$3,250.00 per acre Cash Bonus plus a 1/8th Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Sycamore Unit and the Woodford Unit under this pooling order, to elect to waive the right to make separate elections as to such units and to receive a sum of \$3,250.00 per net mineral acre owned by such owner in such units or per net mineral acre covered by an oil and gas lease held by such owner in such units, as the case may be, with the normal 1/8th royalty as defined in 52 O.S. §87.1; provided, however, in the event such owner's interest in the Sycamore Unit and the Woodford Unit is burdened by a royalty or other burden on production totaling not more than 1/8th of 8/8ths (hereinafter referred to as "burdens"), all such burdens shall be charged against the royalty provided for immediately above so that such royalty shall be reduced by the amount of all such burdens and therefore, any owner electing this option shall deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 87.5% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order; and provided, further, that such royalty provided for above

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and such net revenue interest of 87.5% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Sycamore Unit and the Woodford Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Sycamore Unit and the Woodford Unit; or

(ii) **\$3,000.00 per acre Cash Bonus plus a 3/16ths Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Sycamore Unit and the Woodford Unit under this pooling order, to elect to waive the right to make separate elections as to such units and to receive a sum of \$3,000.00 per net mineral acre owned by such owner in such units or per net mineral acre covered by an oil and gas lease held by such owner in such units, as the case may be, plus an excess royalty or overriding royalty (in addition to the normal 1/8th royalty as defined in 52 O.S. § 87.1) in the maximum amount of 1/16th of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, free and clear of all costs, expenses and risks incurred in or in connection with the drilling, completing, testing and equipping of any such well covered hereby; provided, however, in the event such owner's interest in the Sycamore Unit and the Woodford Unit is burdened by a royalty, excess royalty, overriding royalty, production payment or other burden on production in excess of the normal 1/8th royalty as defined above (hereinafter referred to as "burdens"), all such burdens shall be charged against such excess royalty or overriding royalty of 1/16th of 8/8ths so that such excess royalty or overriding royalty shall be reduced by the amount of all such burdens and therefore, any owner electing this option shall deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 81.25% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, with such net revenue interest being determined by deducting from such owner's share of production all existing royalties, excess or overriding royalties (including the one provided for immediately above) and other non-operating or non-cost bearing burdens; and provided, further, that such excess royalty or overriding royalty of 1/16th of 8/8ths, subject to the reduction provided for immediately above, and such net revenue interest of 81.25% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Sycamore Unit and the Woodford Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Sycamore Unit and the Woodford Unit; or

(iii) **\$2,500.00 per acre Cash Bonus plus a 1/5th Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Sycamore Unit and the Woodford Unit under this pooling order, to elect to waive the right to make separate elections as to such units and to receive a sum of \$2,500.00 per net mineral acre owned by such owner in such units or per net mineral acre covered by an oil and gas lease held by such owner in such units, as the case may be, plus an excess royalty or overriding royalty (in addition to the normal 1/8th royalty as defined in 52 O.S. § 87.1) in the maximum amount of 7.5% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, free and clear

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of all costs, expenses and risks incurred in or in connection with the drilling, completing, testing and equipping of any such well covered hereby; provided, however, in the event such owner's interest in the Sycamore Unit and the Woodford Unit is burdened by a royalty, excess royalty, overriding royalty, production payment or other burden on production in excess of the normal 1/8th royalty as defined above (hereinafter referred to as "burdens"), all such burdens shall be charged against such excess royalty or overriding royalty of 7.5% of 8/8ths so that such excess royalty or overriding royalty shall be reduced by the amount of all such burdens and therefore, any owner electing this option shall deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 80% of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, with such net revenue interest being determined by deducting from such owner's share of production all existing royalties, excess or overriding royalties (including the one provided for immediately above) and other non-operating or non-cost bearing burdens; and provided, further, that such excess royalty or overriding royalty of 7.5% of 8/8ths, subject to the reduction provided for immediately above, and such net revenue interest of 80% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Sycamore Unit and the Woodford Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Sycamore Unit and the Woodford Unit; or

(iv) **\$1,300.00 per acre Cash Bonus plus a 1/4th Total Royalty, as more fully set forth below.** In lieu of participating in the working interest in and the development of the Sycamore Unit and the Woodford Unit under this pooling order, to elect to waive the right to make separate elections as to such units and to receive a sum of \$1,300.00 per net mineral acre owned by such owner in such units or per net mineral acre covered by an oil and gas lease held by such owner in such units, as the case may be, plus an excess royalty or overriding royalty (in addition to the normal 1/8th royalty as defined in 52 O.S. § 87.1) in the maximum amount of 1/8th of 8/8ths of the oil, casinghead gas, gas and gas condensate produced from any well covered by this order, free and clear of all costs, expenses and risks incurred in or in connection with the drilling, completing, testing and equipping of any such well covered hereby; provided, however, in the event such owner's interest in the Sycamore Unit and the Woodford Unit is burdened by a royalty, excess royalty, overriding royalty, production payment or other burden on production in excess of the normal 1/8th royalty as defined above (hereinafter referred to as "burdens"), all such burdens shall be charged against such excess royalty or overriding royalty of 1/8th of 8/8ths so that such excess royalty or overriding royalty shall be reduced by the amount of all such burdens; provided, further, in the event the drilling rights or working interest in the Sycamore Unit and the Woodford Unit of such owner is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 1/4th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 75% of 8/8ths of such production, then such owner may elect this option, but such owner shall have no right to receive and shall not receive the cash bonus described immediately

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above in this subparagraph, but shall receive a sum of \$10.00 per net mineral acre owned by such owner in such units or per net mineral acre covered by an oil and gas lease held by such owner in such units, as the case may be; and only owners electing this option who are able to deliver a net revenue interest in the Sycamore Unit and the Woodford Unit of 75% of 8/8ths of such production are entitled to receive and will receive the \$1,300.00 per net mineral acre as described above in this subparagraph; and provided, further, that such excess royalty or overriding royalty of 1/8th of 8/8ths, subject to the reduction provided for immediately above, and the net revenue interest in the Sycamore Unit and the Woodford Unit delivered under this order by an owner electing this option shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the Sycamore Unit and the Woodford Unit covered by the drilling rights or working interest owned by such owner and relinquished under this subparagraph bears to the entire number of mineral acres in the Sycamore Unit and the Woodford Unit;

provided, however, if the drilling rights or working interest in the Sycamore Unit and the Woodford Unit of any owner covered by this paragraph 6.7 is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 1/8th of 8/8ths but not more than 3/16ths of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 87.5% of 8/8ths of such production, but is able to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 81.25% of 8/8ths of such production, then such owner may elect only the option in subparagraph (ii), (iii) or (iv), above; provided, further, if drilling rights or working interest in the Sycamore Unit and the Woodford Unit of any owner covered by this paragraph 6.7 is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 3/16ths of 8/8ths but not more than 1/5th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 81.25% of 8/8ths of such production, but is able to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 80% of 8/8ths of such production, then such owner may elect only the option in subparagraph (iii) or (iv), above; and provided, further, if the drilling rights or working interest in the Sycamore Unit and the Woodford Unit of any owner covered by this paragraph 6.7 is subject to royalties, excess royalties, overriding royalties, production payments and other burdens on production totaling more than 1/5th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 80% of 8/8ths of such production, then such owner may elect only the option in subparagraph (iv), above. Any cash bonus which becomes payable under this order by virtue of any election made under this paragraph 6.7 shall be paid or tendered by Camino Natural Resources, LLC and in connection with any such election or constructive election under this paragraph 6.7, Camino Natural Resources, LLC shall acquire from any owner herein pooled all forced pooled acreage in the Sycamore Unit and the Woodford Unit, being the interests in the Sycamore Unit and the Woodford Unit relinquished hereunder by any owner herein pooled who elected or was deemed to have elected not to participate in the working interest in and the development of the Sycamore Unit and the Woodford Unit under this order. In the event any owner elects or is deemed to have elected

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under this paragraph 6.7 not to participate in the working interest in and the development of the Sycamore Unit and the Woodford Unit under this order, such owner shall be deemed to have relinquished under this order to Operator all of such owner's right, title, interest or claim in and to the Sycamore Unit and the Woodford Unit (including the initial unit well and any subsequent well or wells to develop the Sycamore Unit or the Woodford Unit, or both such units), except for the normal 1/8th royalty as defined above and any other share in production to which such owner may be entitled by virtue of any election or constructive election hereunder. Subject to the proviso set forth immediately above (in regard to a limitation on the available options due to burdens on the drilling rights or working interest of any owner herein pooled), any owner whose drilling rights or working interest is herein pooled and who is covered by this paragraph may make an election (covering such owner's full interest in the Sycamore Unit and the Woodford Unit) of any one or more of the applicable options set forth in subparagraphs (i), (ii), (iii) and (iv), above, and if such owner's election covers more than one of such applicable options, such owner shall specify in such election the portion of such owner's interest to be allocated to each such separate option so elected.

6.8 Election Period. Within the period of twenty (20) days after the date of this order, any owner covered hereby who desires to make a written election under paragraph 6.5 or 6.7, above, shall deliver to Operator at the address set forth in paragraph 10, below, a written election of one or more of the applicable options set forth in paragraph 6.5 or 6.7, above, subject to the terms, conditions and limitations set forth in each such paragraph. A timely election shall be deemed to have been made if such owner on or before the last day of such 20-day period has hand delivered such written election to Operator at the address set forth in paragraph 10, below, or has had such written election duly postmarked and has placed such written election in the United States mail, first class, postage prepaid, duly addressed to Operator at the address set forth in said paragraph 10, or has delivered such written election to Operator at the address set forth in said paragraph 10 by any other method agreed to or approved by Operator. The time period to make a written election under paragraph 6.6, above, is set forth in section 13 of this order.

7. Failure to Properly

Elect:

In the event any owner whose drilling rights or working interest is herein pooled shall fail timely and properly to elect in writing within the 20-day time period provided for in paragraph 6.8, above, as to all or any portion of such owner's interest, such owner as to such interest or the portion thereof not covered by a timely and proper written election shall be deemed to have elected not to participate in the working interest in and the development of the Sycamore Unit and the Woodford Unit, and shall be deemed to have elected the nonparticipating option in paragraph 6.7, above, as set out below:

(a) The nonparticipating option contained in subparagraph (i) of paragraph 6.7, above, if the drilling rights or working interest in the Sycamore Unit and the Woodford Unit of such owner is subject to royalties, excess royalties, overriding royalties, production payments or other burdens on production which total not more than 1/8th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is able to deliver under this order a net revenue

interest in the Sycamore Unit and the Woodford Unit of 87.5% of 8/8ths of such production; or

(b) The nonparticipating option contained in subparagraph (ii) of said paragraph 6.7, if the drilling rights or working interest in the Sycamore Unit and the Woodford Unit of such owner is subject to royalties, excess royalties, overriding royalties, production payments or other burdens on production which total more than 1/8th of 8/8ths but not more than 3/16ths of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 87.5% of 8/8ths of such production, but is able to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 81.25% of 8/8ths of such production; or

(c) The nonparticipating option contained in subparagraph (iii) of said paragraph 6.7, if the drilling rights or working interest in the Sycamore Unit and the Woodford Unit of such owner is subject to royalties, excess royalties, overriding royalties, production payments or other burdens on production which total more than 3/16ths of 8/8ths but not more than 1/5th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 81.25% of 8/8ths of such production, but is able to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 80% of 8/8ths of such production; or

(d) The nonparticipating option contained in subparagraph (iv) of said paragraph 6.7, if the drilling rights or working interest in the Sycamore Unit and the Woodford Unit of such owner is subject to royalties, excess royalties, overriding royalties, production payments or other burdens on production which total more than 1/5th of 8/8ths of the production of oil, casinghead gas, gas and gas condensate attributable to such drilling rights or working interest so that such owner is unable to deliver under this order a net revenue interest in the Sycamore Unit and the Woodford Unit of 80% of 8/8ths of such production.

8. Well Costs - Initial

Unit Well and Default: 8.1 Well Costs - Initial Unit Well. For the purposes of this order, the sum of \$3,995,278.00 is the estimated total costs of the initial unit well covered hereby as a dry hole; and for the purposes of this order, the sum of \$8,132,377.00 is the estimated total costs of such initial unit well as a producing well. The initial unit well covered hereby (being the Gus McCrae 01S04W 16-21-1MH Well) is a multiunit horizontal well which has been drilled into and completed in the Sycamore common source of supply, with a portion of the completion interval of such well located in the W $\frac{1}{2}$ of Section 16, Township 1 South, Range 4 West of the IM, Stephens County, Oklahoma and with a portion of the completion interval of such well located in the W $\frac{1}{2}$ of Section 21, Township 1 South, Range 4 West of the IM, Stephens County, Oklahoma. In final Order No. 715756, the Commission established the permanent allocation factors for the allocation of all costs incurred in connection with and of all production and revenue from the initial unit well involved herein as a multiunit horizontal well to be 50.6678% for the W $\frac{1}{2}$ of said Section

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16 and 49.3322% for the W½ of said Section 21. Under such permanent allocation factors, the estimated total costs of the initial unit well covered hereby as allocated to the W½ of said Section 21 are \$1,970,958.53 as a dry hole and \$4,011,880.48 as a producing well. In the event there is a dispute as to the well costs incurred in connection with the initial unit well involved herein or as to the work performed on such well, the Commission retains jurisdiction for the purpose of determining whether the costs (including any charge for supervision) incurred in connection with such well and the work performed on such well were both necessary and reasonable; and furthermore, the Commission retains jurisdiction for the purpose of determining whether the costs (including any charge for supervision) incurred in connection with any other well drilled subsequent to such initial unit well under the plan of development established in this order and the work performed on any such subsequent well were both necessary and reasonable.

8.2 Default by Participating Owner. In the event an owner whose drilling rights or working interest is pooled herein elects under paragraph 6.5, above, to participate under subparagraph (i) of paragraph 6.5, above, but thereafter fails or refuses to pay or secure the payment of such owner's proportionate part of the costs of the initial unit well covered hereby as provided in said subparagraph (i) of said paragraph 6.5, Operator shall have the option of treating such owner as having withdrawn such owner's election to so participate and as having failed to have affirmatively elected any other option afforded in this order, thus becoming subject to the provisions of paragraph 7, above, and thereby relinquishing such owner's drilling rights and working interest in the Sycamore Unit and the Woodford Unit. In the event of such owner's failure or refusal to so pay or secure the payment of such well costs, any cash bonus which becomes payable under this order to such owner shall be paid or tendered within thirty-five (35) days after the last date on which such defaulting owner under this order could have paid or made satisfactory arrangements for the payment of such well costs.

9. Payment of Cash Sums
and Escrow Accounts

Therefor:

9.1 Payment of Cash Bonus. Any cash bonus which becomes payable under this order by virtue of any election or constructive election made with regard to the initial unit well involved herein under paragraph 6.5, above, or made under paragraph 6.7, above, shall be paid or tendered within thirty-five (35) days after the date of this order, except as provided in paragraph 8.2, above, or unless the owner entitled to such funds cannot otherwise be paid as provided below.

9.2 Escrow Account Under 52 O.S. §551 et seq. If any payment of cash bonus due and owing under this order by virtue of any election or constructive election made with regard to the initial unit well involved herein under paragraph 6.5, above, or made under paragraph 6.7, above, cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus shall be deposited (credited) into an escrow account within ninety (90) days after the date of this order as provided in 52 O.S. §551 et seq. and OAC 165:10-25-1 et seq. Any royalty payments or other payments due under this order to any such owner who cannot be located or who is unknown shall also be deposited (credited) into an escrow account established by the holder of such funds as provided in 52 O.S. §551 et seq. and OAC 165:10-25-1 et seq. The responsibility for filing reports with the Commission as required under Oklahoma law and the Commission rules, as cited above, as to bonus, royalty or other payments deposited (credited) into any such escrow account shall be with the holder of

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such funds. Such funds deposited (credited) in any such escrow account shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such owner or until the holder of such funds relinquishes the funds to the Commission as required by law. It shall be the responsibility of Operator to notify all other holders of this provision and of the Commission rules, cited above, regarding unclaimed monies under pooling orders.

9.3 Other Escrow Account. If any owner whose drilling rights or working interest is pooled herein refuses the cash bonus or any other funds due hereunder or if the title to such owner's interest in the units involved in this cause has a defect therein, has a cloud thereon or is otherwise not marketable title or if such owner fails to execute and deliver to Operator any requested form or document (including a W-9 form for the IRS) deemed necessary by Operator for the proper and appropriate payment of the cash bonus or any other funds due hereunder or if such owner cannot be paid the cash bonus or any other funds due hereunder for any reason other than the reasons set forth in paragraph 9.2, above, the holder of such cash bonus or such other funds may deposit (credit) such cash bonus or such other funds due such party into an internal escrow account established in the accounting records of such holder and such cash bonus or such other funds shall be credited to such account for the benefit of such owner. Any funds deposited (credited) in any escrow account as described above shall be held for the benefit of the owner entitled thereto until such funds can be paid to such owner or until such owner accepts such funds or until such title defect or cloud is cured or removed or such title is otherwise rendered marketable to the satisfaction of the party responsible or liable for and holding such funds or until such owner executes and delivers to Operator the above-described form or document deemed necessary by Operator for such payment.

10. Operator: Camino Natural Resources, LLC is hereby designated as Operator under the plan of development established in this order for the separate common sources of supply in the horizontal well units covered hereby, including the initial unit well and any subsequent well or wells drilled under or otherwise covered by such plan of development of such units, and all communications to such Operator shall be addressed as follows:

Camino Natural Resources, LLC
1401 17th Street, Suite 1000
Denver, Colorado 80202
(405) 438-0177

Camino Natural Resources, LLC has on file with the Commission a plugging agreement and appropriate security for such agreement.

11. Commencement of Operations: Operations on the initial unit well covered hereby (being the Gus McCrae 01S04W 16-21-1MH Well) have been commenced as of the date of this order. As set out in paragraph 8.1, above, the initial unit well covered hereby is a multiunit horizontal well which has been drilled into and completed in the Sycamore common source of supply, with a portion of the completion interval of such well located in the W $\frac{1}{2}$ of Section 16, Township 1 South, Range 4 West of the IM, Stephens County, Oklahoma and with a portion of the completion interval of such well located in the W $\frac{1}{2}$ of Section 21, Township 1 South, Range 4 West of the IM, Stephens County, Oklahoma.

12. Operator's Lien: Operator, in addition to any other rights afforded Operator, shall have a lien on the mineral leasehold estate or rights owned by the other owners in the horizontal well units involved herein and upon their shares of the production from any well covered hereby to the extent that costs incurred in the development of and the operations upon the horizontal well units involved herein are a charge against such interests. Such liens shall be separable as to each separate owner within the horizontal well units involved herein and shall remain liens until the owner or owners drilling or operating any well covered hereby have been paid such amounts due. The owner or owners drilling, or paying for the drilling, or for the operation of any well covered hereby for the benefit of all shall be entitled to production from any such well which would be received by the owner, or owners, for whose benefit the well was drilled or operated, after payment of royalty, until the owner or owners drilling or operating any such well have been paid such amount due. No part of the production or proceeds accruing to any owner of a separate interest in the horizontal well units involved herein shall be applied toward payment of costs chargeable to any other interest in such units.
13. Subsequent Wells: 13.1 If subsequent to the initial unit well involved herein, Operator proposes another well to further develop the Sycamore Unit under this order, only an owner involved herein who participated as a working interest owner in the initial unit well covered hereby to develop the Sycamore Unit will be entitled to make any election as to such proposed subsequent well. Furthermore, in the event Operator proposes a subsequent well to develop the Woodford Unit under this order, only an owner involved herein who elected under paragraph 6.5, above, to reserve such owner's right to make a separate election as to such subsequent well to develop the Woodford Unit will be entitled to make any election as to such proposed subsequent well. Operator is the only party involved herein who may propose any subsequent well under this pooling order. Any owner who did not participate as a working interest owner in the initial unit well covered hereby to develop the Sycamore Unit shall have no right to make any further election as to any subsequent well to further develop the Sycamore Unit under this order, with such owner retaining any share in production from any such subsequent well or wells to develop the Sycamore Unit to which such owner may be entitled by virtue of any prior election or constructive election under this order; provided, however, such owner may have the right to make a separate and distinct election as to a subsequent well to develop the Woodford Unit. Any owner who did not participate as a working interest owner in the initial unit well involved herein to develop the Sycamore Unit shall not receive any additional cash bonus in regard to any subsequent well to develop the Sycamore Unit. If subsequent to the initial unit well involved herein to develop the Sycamore Unit, another well is proposed by Operator to further develop the Sycamore Unit under this order, Operator shall send written notice of such proposed subsequent well to any owner who participated as a working interest owner in such initial unit well and in the development of the Sycamore Unit under this order. Furthermore, in the event a subsequent well is proposed by Operator to develop the Woodford Unit, Operator shall send written notice of such proposed subsequent well to any owner who reserved the right to make a separate and distinct election as to the development of the Woodford Unit. The above-described written notice of a subsequent well to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, shall contain a brief description of such subsequent well and shall include the estimated costs of such well as a dry hole and as a producing well. Each applicable owner entitled to the above-described written notice of a subsequent well to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such

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subsequent well, shall have 20 days after the date of receipt of such written notice to make a written election to participate as a working interest owner in such subsequent well or in lieu thereof, to elect a nonparticipating option as set forth in subparagraphs (ii), (iii), (iv) and (v) of paragraph 6.5 or 6.6, above, whichever is applicable given the primary target of development of such subsequent well. A timely election under this paragraph shall be deemed to have been made if such owner on or before the last day of such 20-day period has hand delivered such written election to Operator at the address set forth in paragraph 10, above, or has had such written election duly post marked and has placed such written election in the United States mail, first class, postage prepaid, duly addressed to Operator at the address set forth in said paragraph 10 or has delivered such written election to Operator at the address set forth in said paragraph 10 by any other method agreed to or approved by Operator. In order for any owner whose interest is pooled herein to be able to make an election as to any subsequent well covered hereby, whether to develop the Sycamore Unit or the Woodford Unit, such owner must have retained a working interest to be able to participate as a working interest owner in such subsequent well.

13.2 In the event an owner who is entitled to make a written election as to a subsequent well to develop the Sycamore Unit or the Woodford Unit, as described in paragraph 13.1, above, shall fail timely and properly to elect in writing under such paragraph as to all or any portion of such owner's interest, such owner as to such interest or the portion thereof not covered by a timely and proper written election shall be deemed to have elected not to participate in such subsequent well and to have elected, in lieu of so participating, the one, and only one, applicable nonparticipating option set forth in subparagraph (ii), (iii), (iv) or (v) of paragraph 6.5 or 6.6, above, whichever is applicable given the primary target of development of such subsequent well, under which such owner shall obtain the highest cash bonus to which such owner is entitled under such paragraph and shall deliver the highest net revenue interest, given the burdens on the interest of such owner at that time. For example, if a party who fails to make a timely and proper written election under paragraph 13.1, above, owns an interest subject to burdens totaling not more than 1/8th of 8/8ths, such owner shall be deemed to have elected, in lieu of participating in a subsequent well, the nonparticipating option set forth in subparagraph (ii) of paragraph 6.5 or 6.6, above, whichever is applicable given the primary target of development of such subsequent well; if such party owns an interest subject to burdens totaling more than 1/8th of 8/8ths, but not more than 3/16th of 8/8ths, such owner shall be deemed to have elected, in lieu of participating in a subsequent well, the nonparticipating option set forth in subparagraph (iii) of paragraph 6.5 or 6.6, above, whichever is applicable given the primary target of development of such subsequent well; if such party owns an interest subject to burdens totaling more than 3/16ths of 8/8ths, but not more than 1/5th of 8/8ths, such owner shall be deemed to have elected, in lieu of participating in a subsequent well, the nonparticipating option set forth in subparagraph (iv) of paragraph 6.5 or 6.6, above, whichever is applicable given the primary target of development of such subsequent well; and if such party owns an interest subject to burdens totaling more than 1/5th of 8/8ths, such owner shall be deemed to have elected, in lieu of participating in a subsequent well, the nonparticipating option set forth in subparagraph (v) of paragraph 6.5 or 6.6, above, whichever is applicable given the primary target of development of such subsequent well. In the event an owner who is entitled under this order to make a written election as to a subsequent well to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, elects or is deemed to have elected not to continue to participate as a working interest owner in such subsequent well, such owner shall be deemed to have

relinquished under this order to Operator all of such owner's right, title, interest or claim in and to the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, as to such subsequent well and any further subsequent well or wells drilled under or otherwise covered by this pooling order to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, except for the normal 1/8th royalty as defined in this pooling order and any other share in production to which such owner may be entitled by virtue of any election or constructive election hereunder. An owner's election or constructive election not to participate in the development of the Sycamore Unit or the Woodford Unit, or both of such units, shall not divest or otherwise affect in any manner the rights and working interest of such owner in any prior well or wells drilled under or otherwise covered by this pooling order in which such owner participated as a working interest owner. Any owner entitled to make a written election as to a subsequent well to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, who elects to participate in such subsequent well, and who perfects such election to so participate, shall participate as a working interest owner in such subsequent well and shall retain the right to participate as a working interest owner in any further subsequent well or wells drilled under or otherwise covered by this pooling order to develop the applicable unit. Each subsequent well after the first subsequent well to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, shall be handled in a manner similar to the first subsequent well to develop such unit as covered by this section 13.

13.3 Any owner entitled under this order to make a written election as to a subsequent well to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, who elects to participate as a working interest owner in the subsequent well to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, shall thereby agree to pay such owner's proportionate part of the actual costs of such subsequent well and shall pay to Operator such owner's proportionate part of the estimated costs of such subsequent well, or in lieu of such payment, shall furnish to Operator security satisfactory to Operator for the payment thereof, within twenty-five (25) days after the date of receipt of the written notice of such subsequent well, as described in this section 13, and upon such timely payment or furnishing of such satisfactory security, such party's election to participate as a working interest owner in such subsequent well shall be perfected. In the event an owner entitled to make a written election as to a subsequent well to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, elects to participate as a working interest owner in such subsequent well, but thereafter fails or refuses to pay or secure the payment of such owner's proportionate part of the estimated costs of such subsequent well within the time period and in the manner described above, Operator shall have the option of treating such owner as having withdrawn such owner's election to so participate and as having elected the one, and only one, nonparticipating option set forth in subparagraph (ii), (iii), (iv) or (v) of paragraph 6.5 or 6.6, above, whichever is applicable given the primary target of development of such subsequent well, under which such owner shall obtain the highest cash bonus to which such owner is entitled under such paragraph and shall deliver the highest net revenue interest, given the burdens on the interest of such owner at that time, in lieu of participating as a working interest owner in such subsequent well and any further subsequent well or

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wells drilled under or otherwise covered by this order to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well. In the event of such owner's failure or refusal to so pay or secure the payment of such estimated well costs as to such subsequent well, any cash bonus which becomes payable under this order to such defaulting owner shall be paid or tendered within thirty-five (35) days after the last date on which such defaulting owner under this order could have paid or made satisfactory arrangements for the payment of such estimated well costs of such subsequent well. In the event there is a dispute as to the well costs incurred in connection with or as to the work performed on any subsequent well drilled under or otherwise covered by this order after the work has been performed on such well, the Commission retains jurisdiction for the purpose of determining whether the costs (including any charge for supervision) incurred in connection with such subsequent well and the work performed on such well were both necessary and reasonable.

13.4 Except as provided in paragraph 13.3, above, or unless the owner entitled to such funds cannot otherwise be paid as provided in paragraphs 9.2 and 9.3, above, any cash bonus which becomes payable under this order by virtue of any election or constructive election under this section 13 as to a subsequent well shall be paid or tendered within thirty-five (35) days after the date of receipt of the written notice of the proposed subsequent well by the party electing or being deemed to have elected such cash bonus.

13.5 As to any subsequent well proposed under this section 13 to develop the Sycamore Unit or the Woodford Unit, whichever is applicable given the primary target of development of such subsequent well, Operator shall commence or cause to be commenced operations on or in connection with such subsequent well within one-hundred eighty (180) days from the date of the written notice proposing such subsequent well and Operator shall continue or cause to be continued such operations on or in connection with such subsequent well with due diligence. Commencement of operations on such subsequent well within the time period provided above (whether or not the surface location of such subsequent well is located on the section involved herein) and the continuation of such operations with due diligence shall constitute compliance with the above described provision. If such operations on or in connection with such proposed subsequent well are not commenced or caused to be commenced within the above-described 180-day period, then the proposal of such subsequent well and the elections of the owners as to such proposed subsequent well shall expire and such owners shall be in the same position they were in immediately prior to the written notice of such subsequent well being sent; and in such event, the rights acquired from any owner electing or being deemed to have elected not to participate as a working interest owner in such subsequent well shall be relinquished by Operator and any other acquiring party and such relinquished rights shall revert in any such owner who elected or was deemed to have elected not to so participate. Failure timely to commence or cause to be commenced operations on or in connection with any subsequent well under this section 13 shall not divest or otherwise affect in any manner the rights and interests of the various owners in any well or wells drilled prior thereto under the plan of development established in this order and shall not terminate such plan of development.

13.6 A "subsequent well" for purposes of this section 13 shall not include or cover any sidetrack operation in the initial unit well or any subsequent well covered hereby, and shall not include or cover any wellbore that is drilled as a

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replacement or substitute wellbore for the initial unit well or any subsequent well covered hereby. No owner shall have the right to make any subsequent elections as to any such sidetrack operation or such replacement or substitute wellbore.

14. Special Findings: 14.1 Applicant exercised due diligence to locate the party named as a respondent in this cause. Furthermore, Applicant has made a bona fide effort to reach an agreement with the respondent in this cause as to how the horizontal well units involved in this matter would be developed and Applicant has been unable to reach such an agreement with the respondent in this cause. Camino Natural Resources, LLC is the owner of the right to drill a well into, to produce hydrocarbons from and to appropriate production from the separate common sources of supply in the horizontal well units involved herein.

14.2 This is a "clean up" pooling in that the Commission has previously entered pooling Order No. 708846 (which pooling order amended, superseded and replaced prior pooling Order No. 707360) covering the drilling rights or working interests of various owners in the 640-acre horizontal well unit formed in Section 21, Township 1 South, Range 4 West of the IM, Stephens County, Oklahoma, for the Woodford common source of supply, and in the 320-acre horizontal well unit formed in the W½ of said Section 21 for the Sycamore common source of supply. The respondent involved in this proceedings was not included in the prior pooling proceeding. The provisions of this pooling order follow and are similar to the provisions of pooling Order No. 708846.

15. Mailing of Order and Affidavit in Connection

Therewith:

Applicant, or Applicant's attorney, shall file an affidavit with the Commission within ten (10) days from the date of this order stating that a true and correct copy of this order was mailed within three (3) days from the date of this order to the owner whose interest is pooled by this order and who could be served. The name and address of such owner shall be set out in the affidavit, if known.

16. Reasons for Relief

Granted:

In order to avoid the drilling of unnecessary wells and to protect the correlative rights of all owners with respect to the separate common sources of supply involved herein, the owners of the right to drill who have not heretofore reached an agreement with respect to the drilling and developing of the horizontal well units covered hereby should be required to pool their interests and develop such horizontal well units in the manner provided for in this order, upon the terms and conditions set out herein, all of which terms and conditions are found hereby, after consideration of the evidence presented in this cause, to be supported by such evidence and to be just and reasonable and such as will afford each owner in such units the opportunity to recover or receive, without unnecessary expense, each such owner's just and fair share of the production from such units. In particular, the fair market value of drilling rights and working interest in the land involved herein and the options based thereon as recommended by Applicant are supported by the evidence presented in this cause.

The relief requested herein is necessary to prevent or assist in preventing the various types of waste prohibited by law and to protect or assist in protecting correlative rights, and such requested relief, as set forth above, should be granted in the manner set forth above, and IT IS SO ORDERED.

CORPORATION COMMISSION OF OKLAHOMA



J. TODD HIETT, CHAIRMAN



BOB ANTHONY, VICE CHAIRMAN



DANA L. MURPHY, COMMISSIONER

CERTIFICATION

DONE AND PERFORMED by the Commissioners participating in the making of this Order, as shown by their signatures above, this 13th day of January, 2021.

BY ORDER OF THE COMMISSION:



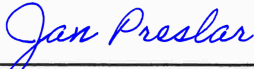


PEGGY MITCHELL, Commission Secretary

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REPORT OF THE ADMINISTRATIVE LAW JUDGE

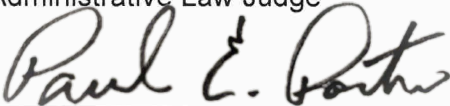
The foregoing findings and order are the report and recommendations of the Administrative Law Judge.



Administrative Law Judge

12/23/2020

Date



Reviewer

December 23, 2020

Date

Approved as to form and content.



John R. Reeves

17813-0208ord

Exhibit "A" – Respondent List
Applicant: Camino Natural Resources, LLC
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Exhibit "A"

Respondents – Known Addresses:

1. Hall Financial Group, Ltd., a Texas limited partnership
2323 Ross Avenue, Suite 200
Dallas, TX 75201

Respondents – Unknown Addresses:

None.

Respondents Named for Curative Purposes Only:

None.

The above-named party that is a partnership, corporation or other association has been made a respondent herein, if such entity continues to have legal existence, and if such entity is dissolved, then the unknown successors, trustees and assigns, both immediate and remote, of such dissolved entity have been made respondents herein.

17813-0208exa