

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: EOG RESOURCES, INC.)
RELIEF SOUGHT: POOLING) CAUSE CD NO. 202101492
LEGAL DESCRIPTION: ALL OF SECTIONS 1 AND 12,)
TOWNSHIP 9 NORTH, RANGE 5 WEST,) ORDER NO. 721100
GRADY COUNTY, OKLAHOMA)

ORDER OF THE COMMISSION

1. **Hearing Date and Place:** This Cause came on for hearing before Administrative Law Judge Paul Porter, on August 23, 2021, at 8:30 a.m., regarding the above-styled Cause at the Jim Thorpe Office Building, 2101 N. Lincoln Boulevard, Oklahoma City, OK 73105.
2. **Appearances:** **Appearances:** Gregory L. Mahaffey and Caleb A. Hartwell, Attorneys, appeared for Applicant. There were no other appearance and this matter was not protested.

FINDINGS

3. **Notice and Jurisdiction:** Notice has been given by publication as required by Commission Rules and Affidavits of Publication have been filed. Those Respondents whose names and addresses were attainable have been given actual notice by certified mail, return receipt requested, pursuant to Commission rules. An adjudicative inquiry was conducted by the Administrative Law Judge into the sufficiency of the search to ascertain the names and addresses of all owners, and if a diligent effort had been made to locate all affected interest owners. The Commission finds that the Applicant has made a meaningful and diligent search of all reasonably available sources at hand to ascertain those parties that are entitled to notice and the whereabouts of those entitled to notice but who were served only by publication. The Applicant gave notice as required, the Commission approves the notice given by mail and by publication, and the Commission has jurisdiction of the subject matter and parties.
4. **Amendment:** This application was orally amended to dismiss Respondent No. 6 as indicated as Dismissed on Exhibit "A" attached hereto.
5. **Relief Requested:** To pool and adjudicate the rights and equities of the owners named on Exhibit "A" in the Mississippian, Woodford and Hunton common sources of supply underlying Sections 1 and 12, Township 9 North, Range 5 West of the IM, Grady County, Oklahoma, and to designate Applicant or some other party as Operator.
6. **Relief Granted:** The requested relief is granted; the rights and equities of all owners named in Exhibit "A" attached hereto are hereby pooled, adjudicated, and determined in the lands described in the caption hereof for the common sources of supply as indicated:

<u>Common Source of Supply</u>	<u>Size of Unit</u>	<u>Order No.</u>
Mississippian	1,280-Acre Horizontal	698051
Woodford	1,280-Acre Horizontal	698051
Hunton	1,280-Acre Horizontal	698051

Applicant's witness testified that the initial well will be a Woodford well and that future horizontal wells in the unit are anticipated. The Mississippian and Hunton are Adjacent Common Sources of Supply. Also, Applicant will proceed with diligence to develop all common sources of supply named herein, as each formation above the Woodford will be penetrated, and the Hunton below the Woodford may be penetrated or possibly fracked into by the horizontal well and valuable information regarding these formations can be obtained to assist in future development of said common sources of supply. Further, the bonus values testified to are based upon oil and gas leases taken which cover all the pooled formations. Therefore, as set forth in the Application filed herein, Applicant believes that it is appropriate that this pooling order treat all said common sources of supply in the aggregate.

Said owners named in Exhibit "A", attached hereto, are afforded the following elections which said owners may make with all or any part of their interest; however, said owners must make their elections within 20 days from the date of this order. That the Commission shall retain jurisdiction to determine the reasonableness and necessity of the drilling, completion, and operation costs to develop the unit and wells covered hereby.

6.1 **Participate Woodford Target:** To participate in the development of the unit and common source of supply by agreeing to pay such owner's proportionate part of the actual development and operation costs of the initial well covered hereby, which costs shall include a reasonable monthly charge for overhead which may be changed from time to time at the option of Operator, but shall not exceed what is reasonable, and by paying, as set out below, to Operator such owner's proportionate part of the estimated completed for production cost thereof, or by securing or furnishing security in addition to the election to participate for such payment satisfactory to the Operator, within 25 days from the date of this order, as follows:

Completed for production	-	\$7,974,214.29
Completed as a dry hole	-	\$ *

* The Livingston 0112 6H Well has been drilled and completed.

However, in the event an owner elects to participate in said well he thereby agrees to pay his proportionate part of the actual costs thereof and if he fails or refuses to pay or to secure the payment of such owner's proportionate part of the completed for production cost as set forth herein, or fails or refuses to pay or furnish security satisfactory to the Operator for the payment thereof, all within the periods of time as prescribed in this order, then such owner shall be deemed to have elected to accept the cash bonus plus overriding or excess royalty, as provided in Paragraph 6.2 below. Thereupon, the payment of such cash bonus shall be made by Operator within 35 days after the last day on which such defaulting owner, under this order, should have paid his proportionate part of such costs or should have made satisfactory arrangements for the payment thereof with Operator and upon receipt of a signed IRS Form W-9.

6.2 **Cash Consideration of \$400.00 Per Acre and 1/8 Total Royalty - Unit Interest:** To accept \$400.00 per acre as a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the cost thereof, such cash bonus to be paid by Operator within the later of 35 days

from the date of this order or upon receipt of a signed IRS Form W-9 and when so paid shall be satisfaction in full for all rights and interests of such owner in the wells, unit and common sources of supply covered hereby, except for any normal 1/8 royalty interest, as defined in 52 Okla. Stat. § 87.1(e). Provided, however, that if any owner's interest has burdens that exceed the normal 1/8 royalty interest, then, in that event, such owner shall be deemed to have accepted the option provided in Paragraph 6.3 below. **Further, any party electing to accept the consideration set forth in this paragraph must be able to deliver on the date elections are due an 87.5% net revenue interest.**

6.3 Cash Consideration of \$150.00 Per Acre and 3/16 Total Royalty - Unit Interest: To accept \$150.00 per acre plus an overriding royalty or excess royalty of $1/16 \times 8/8$ as a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the cost thereof; such cash bonus to be paid by Operator within the later of 35 days from the date of this Order or upon receipt of a signed IRS Form W-9 and when so paid shall be satisfaction in full for all rights and interests of such owner in the wells, unit and common sources of supply covered hereby, except for any normal 1/8 royalty interest, as defined in 52 Okla. Stat. § 87.1(e); provided, however, in the event any owner's interest is subject to a royalty, overriding royalty, or other burden on production in excess of the normal 1/8 royalty as defined herein; then, such excess royalty, overriding royalty, or other burden shall be charged against the $1/16 \times 8/8$ overriding or excess royalty as herein set forth, and the same shall be reduced by the amount of any such excess, and further provided that in the event the oil and gas interest of any owner is subject to any royalty, overriding royalty or other payments out of production which create a burden on such interest in excess of the normal 1/8 royalty, plus overriding royalty or excess royalty provided in this paragraph, then in that event, such owner shall be deemed to have accepted the option provided in Paragraph 6.4 below. **Further, any party electing to accept the consideration set forth in this paragraph must be able to deliver on the date elections are due an 81.25% net revenue interest.**

6.4 Cash Consideration of \$100.00 Per Acre and 1/5 Total Royalty - Unit Interest: To accept \$100.00 per acre plus an overriding royalty or excess royalty of $7.5\% \times 8/8$ as a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the cost thereof; such cash bonus to be paid within the later of 35 days from the date of this order or upon receipt of a signed IRS Form W-9 and when so paid shall be satisfaction in full for all rights and interests of such owner in the wells, unit and common sources of supply covered hereby, except for any normal 1/8 royalty interest, as defined in 52 Okla. Stat. § 87.1(e); provided, however, in the event any owner's interest is subject to a royalty, overriding royalty, or other burden on production in excess of the normal 1/8 royalty as defined herein, then, such excess royalty, overriding royalty, or other burden shall be charged against the $7.5\% \times 8/8$ overriding or excess royalty as herein set forth, and the same shall be reduced by the amount of any such excess, and further provided that in the event the oil and gas interest of any owner is subject to any royalty, overriding royalty or other payments out of production which create a burden on such interest in excess of the normal 1/8 royalty, plus overriding royalty or excess royalty provided in this paragraph, then in that event, such owner shall be deemed to have accepted the option provided in Paragraph 6.5 below. **Further, any party electing to**

accept the consideration set forth in this paragraph must be able to deliver on the date elections are due an 80.00% net revenue interest.

- 6.5 **No Cash Consideration Per Acre and 1/4 Total Royalty - Unit Interest:** To accept no cash and an overriding or excess royalty of 1/8 of 8/8 as a fair, reasonable, and equitable bonus to be paid unto each owner who elects not to participate in said well by paying such owner's proportionate part of the cost thereof; such overriding or excess royalty shall be satisfaction in full for all rights and interests of such owner in the wells, unit and common sources of supply covered hereby, except for any normal 1/8 royalty interest, as defined in 52 Okla. Stat. § 87.1(e); **provided, however, in the event any owner's interest is subject to a royalty, overriding royalty, or other burden on production in excess of the normal 1/8 royalty as defined herein, then, such excess royalty, overriding royalty or other burden shall be charged against the 1/8 x 8/8 overriding royalty or excess royalty as herein set forth, and the same shall be reduced by the amount of any such excess.**
- 6.7 **No Deferred Election for non-targeted common source(s) of supply:** The Commission finds that there is no existing production in the geographic area of the captioned land from the Mississippian, Woodford and Hunton common sources of supply, therefore, pursuant to 52 Okla. Stat. § 87.1(h), no deferred election is being given for the non-targeted common source(s) of supply.
7. **Failure to Elect:** In the event any owner fails to elect within the time and in the manner as set out above which of the alternatives set forth in Paragraph 6 above, any such owner accepts, then such owner shall be deemed to have accepted the highest cash bonus and lowest royalty for which such owner qualifies. In the event any owner elects to do other than participate in said well or fails to make an election provided above, such owner shall be deemed to have relinquished unto Operator all of such owner's right, title, interest, or claim in and to the wells, unit and common sources of supply, except for any normal 1/8 royalty interest, and other share in production to which such owner may be entitled by reason of any election hereunder.
8. **Operator:** EOG Resources, Inc.
3817 NW Expressway, Suite 500
Oklahoma City, OK 73112
ATTN: Land Department
- An owner of the right to drill in said drilling and spacing unit is designated Operator of the unit well and common source of supply covered hereby, and all elections required in Paragraph 6 hereof shall be communicated to said Operator in writing at the address above as required in this order. All written elections must be mailed and postmarked within the election period set forth in Paragraph 6. That said Operator has a current plugging bond or financial statement on file with the Corporation Commission.
9. **Commencement of Operations:** That Operator has drilled and completed the Livingston 0112 6H Well and shall diligently continue to operate such well in a reasonably prudent manner, or this order shall be of no force and effect, except as to the payment of bonus. If any payment of bonus, royalty payments or other payments due and owing under this order cannot be made because the

person entitled thereto cannot be located or is unknown, then said bonus, royalty payments or other payments shall be paid into an escrow account within 90 days after this order and shall not be commingled with any funds of Applicant or Operator. Provided, however, that the Commission shall retain jurisdiction to grant to financially solid and stable holders an exception to the requirement that such funds be paid into an escrow account with a financial institution and permit such holder to escrow such funds within such holder's organization. Responsibility for filing reports with the Commission as required by law and Commission rule as to bonus, royalty or other payments escrowed hereunder shall be with the applicable holder. Such escrowed funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto. It shall be the responsibility of the Operator to notify all other holders of this provision and of the Commission rules regarding unclaimed monies under pooling orders. If any payment of bonus due and owing under this order cannot be made for any other reason, then such bonus shall be paid into an escrow account and shall not be commingled with any funds of the Applicant or Operator. Any royalty payment or other payments due to such person shall be paid into an escrow account by the holder of such funds.

10. Operator's Lien: That Operator, pursuant to 52 Okla. Stat. § 87.1(e) and in addition to any other rights provided herein, shall have a lien on the leasehold estate and the share of production from the unit pooled hereby of any owner subject to the terms of this order who has elected to participate in the initial well covered hereby. Such lien shall secure the payment of the participant's proportionate share of all costs incurred in the development and operation of the unit.
11. Special Finding: That Applicant exercised due diligence to locate each of the respondents subject to this Application and that a bona fide effort was made to reach an agreement with each respondent and that Applicant has not agreed with all such respondents in such drilling and spacing unit to pool their interests and to develop the drilling and spacing unit and common source of supply as a unit; that Applicant has proposed the drilling of the initial well on said unit and to develop said common source of supply; that the Operator, hereinabove named, is an owner of the right to drill on said drilling and spacing unit and to develop and produce said common source of supply.
12. Special Provisions:
 - 12.1 Non-participants: The granting of the relief requested by Applicant shall include the intent of Applicant to pool and adjudicate the rights and equities of the owners in the tract described herein as to those separate common sources of supply set forth above to be tested by the proposed well on a unit basis and not on a borehole basis for any wells drilled as to the respective separate common source of supply cited herein. That the election not to participate as a working interest in the proposed initial unit well shall operate to foreclose the interests of the respondents as to elections to participate in any subsequent well that may at some future time be drilled within the subject unit pursuant to this order; and that the initial election made by respondents herein shall be binding as to the respondents, their assigns, heirs, representatives, agents, or estate for the first and all subsequent wells drilled pursuant to this order.
 - 12.2 Participation in Subsequent Wells: Only those owners who participate ("Participants") both in the initial well and any subsequent well drilled hereunder can participate in subsequent wells drilled on the drilling and spacing unit covered hereby. Owners

electing or deemed to have elected in the initial well any option contained herein other than participation shall receive no cash consideration for subsequent wells but shall receive for subsequent wells the same excess royalty, if any, initially elected. **In the event Operator proposes** the drilling of a subsequent well it shall notify those owners who elected to participate in the prior well of its intent to drill a subsequent well, and said owners will have **20 days** from the receipt of said notice to elect whether to participate in said subsequent well or accept the option set forth in **Paragraph 6.2** herein. The notice provided by the Operator shall be by facsimile or by certified mail and shall include the approximate location, depth and an AFE containing the proposed costs of the subsequent well, and owners electing to participate must pay to the Operator or furnish security satisfactory to Operator for their proportionate share of said costs within **25 days** from the receipt of notice from the Operator. Those owners failing to elect within the period provided or those owners electing to participate but failing to pay within the period provided shall be deemed to have elected not to participate in the subsequent well and shall be deemed to have elected the option set forth in **Paragraph 6.2** herein. Any bonus due hereunder will be paid within **35 days** of the receipt of notice from the Operator or upon receipt of an executed IRS form W-9 by the Operator, whichever is later. Any such proposal shall expire **180 days** after the date thereof if operations for the drilling of the well proposed thereby have not commenced, and all parties shall be in the same position as if no well had been proposed. Any time an owner elects or is deemed to have elected not to participate in a timely-drilled subsequent well, then that owner shall not be allowed to participate in future wells drilled under the terms of this order. That location exception, density or other regulatory authority must be obtained, if necessary, for the drilling of the subsequent well before a valid proposal can be made. If the Operator hereunder elects to participate in subsequent operations with any part of its interest, there shall be no change of operator hereunder. The Oklahoma Corporation Commission shall retain jurisdiction to determine the reasonableness of the drilling and completion costs proposed by Operator for subsequent wells.

The term "subsequent well" for purposes of this paragraph shall not be deemed to include any side-tracking or other operation with respect to the initial unit well, or any subsequent well, and shall not be deemed to be any well that is drilled as a replacement or substitute well for the initial unit well or any subsequent well covered hereby, by virtue of any mechanical or other problems arising directly in connection with the drilling, completing, equipping or producing of the initial unit well or any subsequent well, and no party subject to this order shall have the right to make any subsequent elections as to any such side-tracking, replacement, or substitute well.

13. **Filing of Affidavit:** That Applicant or its Attorney shall file with the Secretary of the Commission, within **10 days** from the date of this order, an Affidavit stating that a copy of said order was mailed within **3 days** from the date of this order to all parties pooled by this order, whose addresses are known.

14. **Conclusion:** The relief requested is necessary to prevent or to assist in preventing the various types of waste of oil or gas prohibited by statute, or any of said wastes, and to protect or assist in

protecting the correlative rights of interested parties. Such requested relief, as set forth above, should be granted and IT IS SO ORDERED.

CORPORATION COMMISSION OF OKLAHOMA


DANA L. MURPHY, CHAIRMAN


BOB ANTHONY, VICE CHAIRMAN


J. TODD HIATT, 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 October, 2021.

BY ORDER OF THE COMMISSION:




PEGGY MITCHELL, Commission Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

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


APPROVED:



PAUL PORTER
Administrative Law Judge

10/5/2021

Date




Reviewer

10/5/2021

Date

This order follows the format and contains all elements set forth in the Judicial & Legislative Services Form Order for this type of Cause. The undersigned attorney affirms (1) said attorney has read this order and (2) this order is true, correct and approved as to form and content.



GREGORY L. MAHAFFEY, OBA NO. 5626
CALEB A. HARTWELL, OBA NO. 33190
Attorney for Applicant

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Exhibit "A"
EOG RESOURCES, INC., POOLING RESPONDENT LIST
SECTIONS 1 AND 12, TOWNSHIP 9 NORTH, RANGE 5 WEST, GRADY COUNTY, OKLAHOMA

1. Billie S. Sherga, Shelley E. Johnson, Schonda B. Sparks and Jimmy D. Pope
c/o Bille Sherga and Jimmy Pope
2494 CR 1197
Blanchard, OK 73010-0000
2. Billie S. Sherga, Shelley E. Johnson, Schonda B. Sparks and Jimmy D. Pope
c/o Schonda Sparks
7208 SW 121st St.
Oklahoma City, OK 73173
3. Dorothea L. South, Trustee of the Dorothea South Revocable Trust dated June 29, 2018
2490 CO RD 1197
Blanchard, OK 73010-0000
4. L3 Energy, LLC
P.O. Box 66130
Houston, TX 77266-6130
5. Sven Energy, LLC
152 Radney Rd.
Houston, TX 77024-0000
6. **DISMISS DUPLICATE TO NO. 7**
Terryl G. Foster and Carolyn S. Foster
RT. 4 Box 989
Blanchard, OK 73010-0000
7. Terryl G. Foster and Carolyn S. Foster
2487 County Road 1197
Blanchard, OK 73010-0000
8. Turtle Creek Exploration, LLC
3811 Turtle Creek Blvd., STE 1100
Dallas, TX 75219-0000

IF ANY NAMED PERSON IS DECEASED, THEN THE KNOWN OR UNKNOWN HEIRS, EXECUTORS, ADMINISTRATORS, TRUSTEES, DEVISEES, AND ASSIGNS, IMMEDIATE AND REMOTE OF SUCH DECEDENT, ARE MADE RESPONDENTS TO THIS APPLICATION. IF ANY NAMED RESPONDENT IS A CORPORATION WHICH DOES NOT CONTINUE TO HAVE LEGAL EXISTENCE, THEN THE KNOWN OR UNKNOWN SUCCESSORS, TRUSTEES OR ASSIGNS, IF ANY OF SUCH ENTITY, ARE MADE RESPONDENTS TO THIS APPLICATION