

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE PETITION FOR UNITIZATION)  
OF THE SECOND AND THIRD BROMIDE SANDS COMMON : CAUSE CD NO. 16110  
SOURCE OF SUPPLY OF NATURAL GAS AND NATURAL )  
GAS CONDENSATE UNDERLYING A PORTION OF THE )  
KNOX BROMIDE FIELD, LOCATED IN GRADY AND : ORDER NO. 48226  
STEPHENS COUNTIES, OKLAHOMA, PURSUANT TO THE )  
PROVISIONS OF 52 O. S. 1951, Sections 287.1 )  
to 287.15 )

REPORT OF THE COMMISSION

Pursuant to regular and statutory notice this cause came on for hearing before the Corporation Commission of the State of Oklahoma on the 31st day of January, 1962, at 10:00 o'clock A.M., in the Commission's court room, Capitol Office Building, Oklahoma City, Oklahoma; the Honorable Harold Freeman, Chairman, Ray C. Jones, Vice Chairman, and Wilburn Cartwright, Commissioner, sitting. At said time and place the hearing of said cause was continued upon the motion of the petitioner to February 28, 1962, and on said latter date the cause again came on for hearing at 10:00 o'clock A.M. Richard W. Fowler, attorney, appeared for the applicant; Howard H. Harris, attorney, appeared for Ohio Oil Company; Richard Altman, attorney, appeared for Mobil Oil Company; Edwin S. Hurst, attorney, appeared for Gulf Oil Corporation; Paul Brown, attorney, appeared for H. C. Wickham, et al; G. Lyndell Buck, attorney, and Robert A. Hefner, Jr., attorney, appeared for The Hefner Corporation; and Ferrill H. Rogers, Conservation Attorney, appeared for the Corporation Commission.

After hearing the evidence and being well and sufficiently advised in the premises, the petition was taken under advisement. Now the petition and the evidence presented in support thereof comes on for further discussion before the Corporation Commission, and the Commission, being of the opinion that the petition should be granted, therefore finds as follows:

FINDINGS

1. That this is an application of The British-American Oil Producing Company for an order creating the Knox Bromide Sands Unit and approving a Plan of Unitization for such unit, having for its purpose the unitized management, operation and further development of the Second and Third Bromide Sands, a common source of supply of natural gas and natural gas condensate, underlying the area hereinafter described, pursuant to the provisions of Sections 287.1 to 287.15, both inclusive, Title 52, Oklahoma Statutes, 1961.

2. That notices of the filing of the petition herein and of the time, place and purpose of the hearing were regularly given in all respects as required by law, that the Commission has jurisdiction of the subject-matter, the lands involved herein, the said common source of supply underlying the same and the parties interested therein, and has jurisdiction to enter the order hereinafter set forth; that no protests to the granting of said petition have been filed, that no party has appeared in opposition to the granting of the petition, and that all of the allegations of said petition filed herein are true and are supported by substantial evidence.

3. That the petitioner herein was at the time the petition herein was filed, and is now, the owner of valid and subsisting oil and gas leases, and was and is a lessee of record, of a part of the lands comprising the area sought to be unitized herein; that the unit area which petitioner seeks to unitize under the provisions of the law referred to above consists of lands located in Grady and Stephens Counties, Oklahoma, hereinafter described, which lands are delineated upon a plat which is attached to the proposed Plan of Unitization as Exhibit "A" to said plan, and are hereinafter referred to as the "unit area"; that said plat of the area referred to above is hereby adopted and made a part hereof by reference.

4. That said unit area hereinafter described is underlain by a common source of supply of natural gas and natural gas condensate in the Second and Third Bromide Sands in the Knox Bromide Field in Grady and Stephens Counties, Oklahoma; that the said common source of supply included within the unit area has been defined and determined to be productive of natural gas and natural gas condensate by actual drilling operations.

5. The Commission further finds that the unitized management, operation and further development of said common source of supply of natural gas and natural gas condensate is reasonably necessary in order to effectively carry on pressure-maintenance or repressuring operations, cycling operations, or any combination thereof, or any other form of joint effort calculated to substantially increase the ultimate

recovery of natural gas and natural gas condensate from said common source of supply; that one or more of said unitized methods of operation as applied to such common source of supply are feasible, will prevent waste and will with reasonable probability result in the increased recovery of substantially more natural gas and natural gas condensate from said common source of supply than would otherwise be recovered; that the estimated additional cost of conducting such operations will not exceed the value of the additional natural gas and natural gas condensate so recovered; and that such unitization and the adoption of one or more of such unitized methods of operation is for the common good and will result in the general advantage of the owners of the oil, gas and condensate rights within the said common source of supply thereof directly affected.

6. The Commission further finds that the size and shape of the unit area is such as may be reasonably required for the successful and efficient conduct of the unitized method or methods of operation for which the unit is to be created; that all of said common source of supply is included in the unit area, and that, if any part thereof is not so included, the unitized methods of operation will have no adverse effect upon the part not included.

7. The Commission further finds that the Plan of Unitization which is attached to the petition filed herein and presented to the Commission for approval, and is made a part hereof by this reference, is suited to the needs and requirements of this particular unit, designated in said Plan of Unitization as the Knox Bromide Sands Unit, Grady and Stephens Counties, Oklahoma; that the terms and provisions of said Plan of Unitization are adequate and are proper to effectuate and accomplish the purposes of the statute above referred to; that said plan contains fair, reasonable and equitable provisions for: (a) the efficient unitized management or control of the further development and operation of the unit area for the recovery of natural gas and natural gas condensate from the common source of supply affected; (b) the division of interests or formula for the apportionment and allocation of the unit production among and to the several separately-owned tracts within the unit area such as will reasonably permit persons and parties otherwise entitled to share in or benefit by the production from such separately-owned tracts to produce or receive, in lieu thereof, their fair, equitable and reasonable share of the unit production or other benefits thereof; and the Commission finds that the separately-owned tracts' respective shares of unit production have been determined by taking into account all of the factors required by the applicable section of the statute; (c) the manner in which the unit and the further development and operation of the unit area shall or may be financed and the basis, terms and conditions on which the cost and expense thereof shall be apportioned among and assessed against the tracts and interests made chargeable therewith, including a detailed accounting procedure governing all charges and credits incident to such operations; and the Commission finds that the Plan of Unitization contains a reasonable provision, as required by law, for carrying or otherwise financing lessees who are unable to promptly meet their financial obligations in connection with the unit; (d) the procedure and basis upon which wells, equipment and other properties of the several lessees within the unit area are to be taken over and used for unit operations, including the method of arriving at the compensation therefor, or of otherwise proportionately equalizing or adjusting the investment of the several lessees in the project as of the effective date of unit operation; (e) the creation of an Operating Committee to have general over-all management and control of the unit and the conduct of its business and affairs and the operations carried on by it, together with the creation or designation of such other sub-committees, boards or officers to function under authority of the Operating Committee as may be necessary, proper or convenient in the efficient management of the unit, defining the powers and duties of all such committees, boards or officers and prescribing their tenure and the time and method for their selection; (f) the time when the Plan of Unitization shall become and be effective; and (g) the time and conditions under which and method by which the unit shall or may be dissolved and its affairs wound up.

8. The Commission further finds that the petition herein, and the Plan of Unitization presented thereby, conform to and comply with the requirements of Title 52, Oklahoma Statutes, 1961, Sections 287.1 through 287.15; that said Plan of Unitization has been signed, or in writing ratified or approved, by lessees of record of ninety per cent (90%) of the unit area affected thereby and by owners of record of seventy-eight per cent (78%) (exclusive of royalty interests owned by lessees or by subsidiaries of any lessee) of the normal one-eighth (1/8th) royalty interest in and to the unit area; and that pursuant to Section 287.5 of the statute referred to above the following order of the Commission entered in this cause may become effective immediately.

O R D E R

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

1. That the petition filed herein be, and the same is hereby, granted.
2. That the Knox Bromide Sands Unit is hereby created in accordance with, and upon and subject to, the terms, provisions and conditions of the Plan of Unitization, for the further development of the Second and Third Bromide Sands underlying the area located in Grady and Stephens Counties, Oklahoma, to-wit:

The Southeast Quarter (SE $\frac{1}{4}$ ) and the South Half (S $\frac{1}{2}$ ) of the South Half (S $\frac{1}{2}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) and the East Half (E $\frac{1}{2}$ ) of the East Half (E $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) and the West Half (W $\frac{1}{2}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the Southwest Quarter (SW $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of Section One (1) and the Northeast Quarter (NE $\frac{1}{4}$ ) and the East Half (E $\frac{1}{2}$ ) of the East Half (E $\frac{1}{2}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) and the West Half (W $\frac{1}{2}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) and the Northwest Quarter (NW $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) and the Northeast Quarter (NE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the North Half (N $\frac{1}{2}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) and the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) and the Northeast Quarter (NE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) of Section Twelve (12) and the East Half (E $\frac{1}{2}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) and the Northwest Quarter (NW $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) and the Northeast Quarter (NE $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of Section Thirteen (13), Township Three (3) North, Range Six (6) West, and the West Half (W $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the Southwest Quarter (SW $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the Southwest Quarter (SW $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of Section Six (6) and all of Section Seven (7) and the West Half (W $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the West Half (W $\frac{1}{2}$ ) of the East Half (E $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the East Half (E $\frac{1}{2}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the South Half (S $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) and the Northwest Quarter (NW $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) of Section Eight (8) and all of Sections 17 and 18 and the East Half (E $\frac{1}{2}$ ) of the East Half (E $\frac{1}{2}$ ) and the East Half (E $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) and the Northwest Quarter (NW $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) and the Northeast Quarter (NE $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) of Section Nineteen (19) and all of Section Twenty (20) and the West Half (W $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the West Half (W $\frac{1}{2}$ ) of the East Half (E $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) and the Southwest Quarter (SW $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) and the Southwest

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3. That the Plan of Unitization which is attached to the petition herein is made a part of this order by reference, and is hereby approved, and such Plan of Unitization shall constitute the Plan of Unitization in and for said Knox-Bromide Sands Unit and the unit area of said unit, all to the same extent and with the same force and effect as if copied herein in its entirety.

4. That the unit area of the Unit so created shall include all of the lands above described, being the tracts shown on the plat which is attached to the Plan of Unitization and marked Exhibit "A" thereto.

5. That each of such tracts located in the unit area shall become, subject to the terms and provisions of the Plan of Unitization, participants in the unit production and in the other benefits and burdens of the Unit, all in accordance with the provisions of the Plan of Unitization and the statutes above referred to.

6. Permission is granted to the Unit and the Unit Operator to drill such injection wells and producing wells as may be deemed proper, and to convert wells of either kind to the other kind, and to conduct all other secondary recovery or pressure maintenance operations as may be deemed expedient.

7. The Unit and the Unit Operator shall, from time to time, make such reports to the Commission concerning the operation of the unit area as may be requested by the Commission.

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

9. This order shall become effective immediately, and the Plan of Unitization shall become effective at the time and in the manner provided in said Plan of Unitization.

DONE AND PERFORMED by the Corporation Commission of the State of Oklahoma at its offices in the Capitol Office Building, Oklahoma City, Oklahoma, on this 13<sup>th</sup> day of March, 1962.

CORPORATION COMMISSION OF OKLAHOMA

Harold Freeman  
Harold Freeman, Chairman

Ray C. Jones  
Ray C. Jones, Vice Chairman

Wilburn Cartwright  
Wilburn Cartwright, Commissioner

ATTEST:

Ed Overholser  
Asst. Secretary