

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA

<u>APPLICANT:</u>	RANGE PRODUCTION COMPANY)	
)	
<u>RELIEF SOUGHT:</u>	POOLING)	
)	CAUSE CD NO.
<u>LEGAL DESCRIPTION:</u>	SECTION 3,)	200202208
	TOWNSHIP 8 NORTH,)	
	RANGE 20 WEST,)	ORDER NO.
	WASHITA COUNTY, OKLAHOMA)	464355

ORDER OF THE COMMISSION

This Cause came on for hearing before John E. Lee, Administrative Law Judge for the Corporation Commission of Oklahoma, on the 3rd day of June, 2002, at 8:30 a.m., in the Commission Courtroom, Jim Thorpe Building, Oklahoma City, Oklahoma, for the purpose of hearing, taking testimony and reporting his findings and recommendations to the Commission.

The appearances included Richard K. Books, attorney for Applicant, Range Production Company. Michael L. Decker, Deputy General Counsel for Conservation for the Commission, filed notice of appearance.

The Administrative Law Judge heard the Cause and filed his report with the Commission, which report has been considered and the Commission therefore finds as follows:

FINDINGS

1. This is an Application for an Order pooling the interests, designating an Operator, providing for the development of the unit and adjudicating the rights and equities of oil and gas owners in the Pennsylvanian-Granite Wash common source of supply underlying Section 3, Township 8 North, Range 20 West, Washita County, Oklahoma, a drilling and spacing unit pursuant to Order No. 137744.

2. Notice has been given by publication as required by Commission Rules and Affidavits of Publication have been filed. Those owners whose names and addresses were attainable have been given actual notice by mail. 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. 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 Commission finds the process to be proper and has jurisdiction over the subject matter and the parties. The Respondents to this Application are shown on the Exhibit "A" attached hereto.

3. The Applicant is the owner of an interest in the area covered by the Application and Applicant/Operator has furnished the Oklahoma Corporation Commission with a plugging agreement and surety or a financial statement, as required by law and by the Rules of the Commission.

4. The Applicant, an owner of the right to drill a well on said drilling and spacing unit and to develop and produce said common source of supply, has not agreed with all of the other such owners 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, and the Commission should issue an Order requiring such owners to pool and develop the drilling and spacing unit and common source of supply covered hereby on a unit basis.

5. The Applicant proposes to develop said unit and the common source of supply therefore as a unit by the drilling of a well or wells thereon and, to avoid the drilling of unnecessary wells and to protect correlative rights, all owners should be required to pool and develop the unit and common source of supply covered hereby as a unit, upon the terms and conditions set out in "Order" below, all of which are found hereby, after a

consideration of the substantial evidence in this Cause, to be just and reasonable and will afford each owner in the unit the opportunity to recover or receive without unnecessary expense his just and fair share of the production from the unit.

6. In the interest of the prevention of waste and the protection of correlative rights, this Application should be granted, and the rights of all owners pooled and adjudicated.

ORDER

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

1. Applicant proposes to develop Section 3, Township 8 North, Range 20 West, Washita County, Oklahoma, a drilling and spacing unit for the Pennsylvanian-Granite Wash common source of supply, and the rights and equities of all oil and gas owners covered hereby are pooled, adjudicated and determined as set forth herein.

2. a. The estimated well costs are:

Completed for production -	\$637,850.00
Completed as a dry hole -	\$372,750.00

b. **\$300.00 per acre cash (for a total royalty of 1/8)** is a fair, reasonable and equitable bonus to be paid unto each owner who elects not to participate in said development by paying such owner's proportionate part of the cost thereof. Such cash bonus, when paid as set out in this Order, is satisfaction in full for all rights and interests of such owner in the drilling and spacing unit covered hereby, except for any normal 1/8 royalty interest, as defined in 52 O.S., Section 87.1(e) (1971).

c. **\$200.00 per acre cash, plus an overriding or excess royalty of 1/16 (for a total royalty of 3/16)**, is a fair, reasonable and equitable bonus to be paid unto each owner who elects not to participate in said development by paying such owner's proportionate part of the cost thereof. Such cash bonus plus overriding or excess royalty, when paid as set out in this Order, is satisfaction in full for all rights and interests of such owner in the drilling and spacing unit covered hereby, except for any normal 1/8 royalty interest, as defined in 52 O.S., Section 87.1(e) (1971).

d. **An overriding or excess royalty of 1/8 (for a total royalty of 1/4)** is also a fair, reasonable and equitable consideration to be tendered unto each owner who elects not to participate in said development by paying such owner's proportionate part of the cost thereof. Such overriding or excess royalty is satisfaction in full for all rights and interests of such owner in the drilling and spacing unit covered hereby, except for any normal 1/8 royalty interest, as defined in 52 O.S., Section 87.1(e) (1971).

PROVIDED, however, that any excess royalty, overriding royalty or other payments out of production shall be charged against the overriding or excess royalty, or overriding royalty, as herein above set forth, and same shall be reduced by the amount of any such excess.

PROVIDED, further, 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 burdens set out in paragraph 2b above, the owner of any such interest shall not be entitled to the option provided in paragraph 2b above, but shall be required to either participate or to accept the option provided in paragraphs 2c or 2d above.

PROVIDED, further, 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 burdens set out in paragraph 2c above, the owner of any such interest shall not be entitled to the option provided in paragraphs 2b or 2c above, but shall be required to either participate or to accept the option provided in paragraph 2d above.

3. Each owner, subject hereto, may make any of the elections as to all or any part of the interest of such owner in the unit and must give notice as to which of the elections stated in paragraphs 3a, 3b, 3c or 3d herein such owner accepts.

- a. 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 cost of such development and by paying, as set out herein, to Applicant such owner's proportionate part of the estimated completed for production cost of the proposed well, as set out in paragraph 2a above, or by furnishing security for such payment satisfactory to the Applicant. In all events, such owner's cost in said well shall not exceed its proportionate part of the actual or the reasonable cost thereof which shall be determined by the Commission in the event there is a dispute as to such costs. The payment of such owner's proportionate part of the estimated completed for production cost of said well, or the furnishing of security therefor, shall be accomplished within 20 days from the date of this Order, such owner's proportionate part of the costs of, and of the production from, such well and unit, to be in proportion to the number of acres such owner has in the unit; or,
- b. To receive the cash bonus as set out in paragraph 2b above, which cash bonus shall be paid or tendered by Applicant, if same can be paid or tendered, within 30 days from the date of this Order; or,
- c. To receive the cash bonus plus overriding or excess royalty, as set out in paragraph 2c above, which cash bonus shall be paid or tendered by Applicant, if same can be paid or tendered, within 30 days from the date of this Order; or,

- d. To receive the overriding or excess royalty only
as set out in paragraph 2d above.

IF ANY PAYMENT OF BONUS DUE AND OWING UNDER THIS ORDER CANNOT BE MADE because the person entitled thereto cannot be located or is unknown, then said bonus shall be paid into an escrow account within 90 days after this Order and shall not be commingled with any funds of the Applicant or Operator. Any royalty payments or other payments due to such person shall be paid into an interest bearing escrow account by the holder of such funds. Responsibility for filing reports with the Commission as required by law and Commission Rules as to bonus, royalty or other payments deposited into escrow accounts shall be with the applicable holder. Such funds deposited in said escrow accounts shall be held for the exclusive use of, and sole benefit of, the person entitled thereto.

4. Each owner of the right to drill in said drilling and spacing unit to said common source of supply covered hereby, who has not agreed to develop said unit as a unit, other than Applicant, may elect any of the alternatives set out in paragraph 3 above as to all or any part of the interest which such party owns, said election to be made to Applicant, in writing, within 15 days from the date of this Order. 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 3 above, any such owner accepts, then such owner shall be deemed to have elected to receive the highest cash bonus and lowest royalty for which said interest qualifies. An interest qualifies for a particular royalty in question when the sum of the owner's net revenue interest, together with all overriding royalties and other burdens on such interest, and the royalty in question, do not exceed 1.00. In the event any owner elects to do other than participate in said well by paying his pro rata share of the costs thereof, or fails to make any election provided above, or, having elected to participate, fails to timely furnish payment of costs or security therefor, such owner shall be deemed to have relinquished unto Applicant all of such owner's right, title, interest or claim in and to the drilling and spacing unit, except for any normal 1/8 royalty interest, defined above, or other share in production to which such owner may be entitled by reason of an election hereunder.

5. Only those owners electing to participate in the initial well will be allowed to participate in subsequent wells drilled on the drilling and spacing unit covered hereby. Owners electing or deemed to have elected any option other than participation in the initial well shall receive no cash consideration for subsequent wells but shall receive the excess royalty, if any, provided for herein. In the event any participating owner proposes the drilling of a subsequent well, it shall notify those owners who participated in the prior well of its intent to drill a subsequent well. Such notice shall be sent by certified mail, return receipt requested, and shall be accompanied by an AFE which sets forth the anticipated cost of the well and the well location. Each owner shall have 15 days from the receipt of said notice to elect, to the Applicant, in writing, whether said owner elects to participate in said subsequent well, or, if not, which of the alternatives set forth in paragraph 3 above such owner elects. Owners electing to participate must pay to the operator their proportionate share of said costs, or furnish security satisfactory to the Operator therefore, within 20 days from the receipt of said notice. Those owners failing to elect within the period provided, or those owners electing to participate but failing to pay or secure costs within the period provided, shall be deemed to have elected not to participate in the subsequent wells and shall receive the greatest bonus and lowest royalty for which such interest qualifies herein. An interest qualifies for a particular royalty in question when the sum of the owner's net revenue interest, together with all overriding royalties and other burdens on such interest, and the royalty in question, do not exceed 1.00. Any time an owner elects or is deemed to have elected not to participate in a subsequent well, then that owner shall not be allowed to participate in future wells drilled on the drilling and spacing unit covered hereby and shall be deemed to have forfeited all rights in such future wells, except the right to receive royalty (if any) to which that owner may be entitled. The Oklahoma Corporation Commission shall retain jurisdiction to determine the reasonableness of actual drilling and completion costs of subsequent wells. In the event operations for the proposed well are not commenced within 180 days after the date of the notice, then the proposal shall terminate and new notice must be resubmitted.

6. The Applicant, in addition to any other rights provided herein, shall have a lien, as set out in 52 O.S., Section 87.1(e) (1971), on the interest of any owner, subject to this Order, who has elected to participate in the well covered hereby by paying such owner's proportionate part of the costs thereof; provided, however, that in the event an owner elects to participate in said well by paying his proportionate part of the costs thereof and fails or refuses to pay or to secure the payment of such owner's proportionate part of the completed for production cost as set out in paragraph 2a above, or fails or refuses to pay or make an arrangement with the Applicant 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 receive the highest cash bonus for which such interest qualifies and such owner shall be deemed to have relinquished unto Applicant all of such owner's right, title, interest or claim in and to the drilling and spacing unit, except for any normal 1/8 royalty interest, defined above, or other share in production to which such owner may be entitled by reason of an election hereunder. Thereupon, the payment of such cash bonus shall be made by Applicant within 30 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.

7. Range Production Company, 5600 N. May Ave., Suite 350, Oklahoma City, OK 73112, is designated operator of the drilling and spacing unit and common source of supply covered hereby and all elections must be communicated to said operator at the address above as required in this Order.

8. The Applicant must commence operations for the drilling or other operations with respect to the initial well covered hereby within 180 days from the date of this Order and diligently prosecute the same to completion in a reasonably prudent manner, or this Order shall be of no force and effect, except as to the payment of bonus.

9. The 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.

CORPORATION COMMISSION OF OKLAHOMA

Denise A. Bode

Denise A. Bode, Chairman

Bob Anthony

Bob Anthony, Vice Chairman

Ed Apple

Ed Apple, Commissioner

DONE AND PERFORMED THIS 10 DAY OF JUNE, 2002.

BY ORDER OF THE COMMISSION:

Peggy Mitchell

Peggy Mitchell, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

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

APPROVED:

John E. Lee,
Administrative Law Judge

Date

Reviewer

Date

APPLICANT: RANGE PRODUCTION COMPANY
CAUSE CD NO. 200202208

EXHIBIT "A"

RESPONDENTS WITH KNOWN ADDRESSES:

- | | |
|---|---|
| 1. The Estate of B.C. Housel, Jr., dec.
c/o Barron C. Housel, III
702 Kensington Dr.
Chapel Hill, NC 27514-6726 | 14. The Estate of Clifton H. Blakley
c/o Helen Blakley
826 SW 65 th
Oklahoma City, OK 73139 |
| 2. Barron C. Housel, III
702 Kensington Dr.
Chapel Hill, NC 27514-6726 | 15. Elmer C. Gardner
c/o Roy R. Gardner
Suite 920
First City National Bank Building
Houston, TX 77002 |
| 3. David Housel
1401 Truxillo St.
Houston, TX 77004-3957 | 16. H.R. Roach
101 Sondra Drive
Elk City, OK 73644 |
| 4. Steve Housel
5320 S. Joplin Ave.
Tulsa, OK 74135-7561 | 17. Harold L. Jennings Revocable Trust
c/o ElWanda Jennings
1005 N. Lee
Altus, OK 73521 |
| 5. Geraldine W. Housel
777 Post Oak Blvd.
Houston, TX 77056-3204 | 18. The Estate of Harold L. Jennings, dec.
c/o ElWanda Jennings
1005 N. Lee
Altus, OK 73521 |
| 6. Douglas N. Jones, Jr.
P.O. Box 68
Essex, CT 06426 | 19. The Church of the Good Shepard
Attn: Fr. Robert Lanleader
1007 Burnett
Wichita Falls, TX 76301 |
| 7. E.W. Luker Oil & Gas Company, LLC,
An Oklahoma limited liability company
P.O. Box 3688
Tulsa, OK 74101-3688 | 20. The Estate of Ione O'Neill Neel, dec.
c/o J.C. Neel
3133 Caruth Blvd.
Dallas, TX 75225 |
| 8. The Estate of Ella Hampton O'Neill, dec.
c/o Virginia O'Neill Mulvaney
6417 Waverly
Fort Worth, TX 76104 | 21. Jess Wayne Newport
306 S. Benjamin Street
Stillwater, OK 74074-3709 |
| 9. The Estate of Irene O'Neill McBride, dec.
c/o James O. McBride
1400 South Main Street
Fort Worth, TX 76104 | 22. John L. McMahon, Jr.
P.O. Box 2569
Wichita Falls, TX 76307 |
| 10. The Estate of Marguerite O'Neill
Mulvaney, a/k/a Marguerite O'Neill
Mayhew, deceased
c/o Frances Rippy
6417 Waverly
Fort Worth, TX 76104 | 23. Joseph K. McMahon
P.O. Box 2569
Wichita Falls, TX 76307 |
| 11. the Estate of Nancy O'Neill Vick, a/k/a
Nancy O'Neill, deceased
c/o Mayo E. Vick
1750 Merrick Court
Fort Worth, TX 76107 | 24. JSH Company, a Partnership
P.O. Box 2569
Wichita Falls, TX 76307 |
| 12. The Estate of John Hampton O'Neill, dec.
c/o Mayo E. Vick
1750 Merrick Court
Ft. Worth, TX 76107 | 25. LaNeil Tilly
c/o Roy R. Gardner
Suite 920
First City National Bank Building
Houston, TX 77002 |
| 13. Gwendolyn O'Neill, remainderman
c/o Mayo E. Vick
1750 Merrick Court
Ft. Worth, TX 76107 | 26. The Estate of Lena Mae Maddox, dec.
c/o LaNeil M. Evetts
502 E. Main Street
Tucumcari, NM 88401 |

APPLICANT: RANGE PRODUCTION COMPANY
CAUSE CD NO. 200202208

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| 27. | The Estate of Lena Mae Maddox, dec.
c/o LaNell M. Evetts
Box 1128
Tucumcari, NM 88401 | 40. | Beatrice Jackson Armstrong
c/o Lloyd Armstrong, Jr.
2781 Monte Mar Terrace
Los Angeles, CA 90064 |
| 28. | The Estate of Bert J. Maddox, dec.
c/o LaNell M. Evetts
502 E. Main Street
Tucumcari, NM 88401 | 41. | Palace Exploration Company
100 N. Broadway, Suite 3010
New York, NY 10022 |
| 29. | The Estate of Bert J. Maddox, dec.
c/o LaNell M. Evetts
Box 1128
Tucumcari, NM 88401 | 42. | Alyeen McAfee
1105 W. 1 st St.
Elk City, OK 73644 |
| 30. | Magic M & R, LLC
1720 S. Belliare Street, Ste 1209
Denver, CO 80222 | 43. | The Estate of Ralph McAfee, dec.
c/o Alyeen McAfee
1105 W. 1 st St.
Elk City, OK 73644 |
| 31. | The Estate of Marie Gibson, dec.
c/o John F. Gibson
4507 Barbados
Wichita Falls, TX 76308-4930 | 44. | Roy R. Gardner
Suite 920
First City National Bank Building
Houston, TX 77002 |
| 32. | The Estate of Kay Gibson, deceased
c/o John F. Gibson
4507 Barbados
Wichita Falls, TX 76308-4930 | 45. | The Estate of Shem P. Cunningham, dec.
c/o Sandra Cunningham
3304 Mockingbird Lane
Wichita Falls, TX 76308-2018 |
| 33. | The Estate of Mary Herron Young, dec.
c/o Virginia Y. Carrington
15215 Berry Trail, Apt. 502
Dallas, TX 75248 | 46. | The Estate of John Phillips
Cunningham, dec.
c/o Sandra Cunningham
3304 Mockingbird Lane
Wichita Falls, TX 76308-2018 |
| 34. | Virginia Young Carrington,
a/k/a Virginia Y. Carrington
15215 Berry Trail, Apt. 502
Dallas, TX 75248 | 47. | Sandra Cunningham
3304 Mockingbird Lane
Wichita Falls, TX 76308-2018 |
| 35. | The Estate of Mattie Hampton
Jackson, dec.
c/o Mackey Jackson
1702 Royalty
Odessa, TX 79761-1552 | 48. | The Port Cemetery
Trustees, Port Cemetery
412 West 5th
Elk City, OK 73648 |
| 36. | The Estate of Robert L.
Jackson, Jr., dec.
c/o Mackey Jackson
1702 Royalty
Odessa, TX 79761-1552 | 49. | Wiley Blair, III & Susanne N. Blair,
Co-Trustees of Wiley Blair, III
Estate Trust
300 Hot Springs Rd.
Santa Barbara, CA 93108-2038 |
| 37. | Mackey Jackson
1702 Royalty
Odessa, TX 79761-1552 | 50. | The Estate of William O. Bullington, dec.
c/o Ida Davis Bullington
P.O. Box 2569
Wichita Falls, TX 76307-2569 |
| 38. | Helen Jackson Cross
c/o Huber R. Parsons, Jr.
2723 Country Club Circle
Coral Gables, FL 33134 | 51. | Ida Davis Bullington
P.O. Box 2569
Wichita Falls, TX 76307-2569 |
| 39. | Margie Jackson Parsons
c/o Huber R. Parsons, Jr.
2723 Country Club Circle
Coral Gables, FL 33134 | 52. | Jill Bullington
P.O. Box 2569
Wichita Falls, TX 76307-2569 |
| | | 53. | Sarah Meade Bullington
P.O. Box 2569
Wichita Falls, TX 76307-2569 |

APPLICANT: RANGE PRODUCTION COMPANY
CAUSE CD NO. 200202208

54. Trustees for Port Cemetery: Annie Caldwell; Pete Bishop; Janet Flippin; H.R. Roach; Alyeen McAfee; and Pete Bishop
412 W. 5th
Elk City, OK 73648

55. Don Biswell
1340 Bryant Circle
Norman, OK 73071

56. Eileen Marie Fox-Biswell
1340 Bryant Circle
Norman, OK 73071

57. **Donald Gene Maddox**
2508 13th Street North
Lethbridge, AB T1H 4Y5
Canada

58. Mayo E. Vick
1750 Merrick Court
Ft. Worth, TX 76107

59. Linda Vick
1750 Merrick Court
Ft. Worth, TX 76107

RESPONDENTS LISTED FOR CURATIVE PURPOSES ONLY WITH KNOWN ADDRESSES:

60. The Estate of Vollie Mae Roach, dec.
c/o H.R. Roach
101 Sondra Drive
Elk City, OK 73644

RESPONDENTS LISTED FOR CURATIVE PURPOSES ONLY WITH UNKNOWN ADDRESSES:

- 61. Cuba Salmon
- 62. JM Irvine
- 63. JW Irvine
- 64. Jack Curtis
- 65. Eva Ruth Curtis
- 66. Robert Rolen, Jr.
- 67. Christine Rolen
- 68. Royal M. Hart
- 69. Mable Hart
- 70. Joe Combs
- 71. Norma S. Hart Combs
- 72. M.E. Wheeler
- 73. Mary L. Hart Wheeler

- 74. Louis Tompkins
- 75. Dosia Salmon Tompkins
- 76. Denby Caudell
- 77. Nadine Caudell
- 78. Marlene Salmon
- 79. Robert M. Salmon
- 80. Sam Salmon
- 81. Jasper Salmon
- 82. Edna Trammel
- 83. Mattie Nicholson
- 84. James W. Maddox

RESPONDENTS WITH UNKNOWN ADDRESSES:

- 85. The Estate of Hoyt R. Young, dec.
- 86. The Estate of Winifred A. Young, dec.
- 87. Jack O'Donohoe
- 88. N. A. Irvine