

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: CAMINO NATURAL RESOURCES,)
LLC)
RELIEF REQUESTED: MULTIUNIT) CAUSE CD NO. 201904926
HORIZONTAL WELL)
LEGAL DESCRIPTION: SECTION 6 & W/2 OF) ORDER NO. **705153**
SECTION 7, TOWNSHIP 12 NORTH, RANGE 7)
WEST, CANADIAN COUNTY, OKLAHOMA)

INTERIM ORDER OF THE COMMISSION
MULTIUNIT HORIZONTAL WELL

1. **Hearing Date and Place:** This Cause came on for hearing before Jacqueline Miller, Administrative Law Judge, on 22nd day of October, 2019, at 8:30 a.m., at 8:30 a.m., regarding the above-styled Cause, at the Jim Thorpe Office Bldg., 2101 N. Lincoln Blvd., Oklahoma City Oklahoma.
2. **Appearances:** Eric R. King, Attorney, appeared for the Applicant, Camino Natural Resources, LLC. There were no other appearances and no protests entered.

Findings

3. **Companion Causes:** Horizontal Location Exception in Cause CD No. 201904927.
4. **Notice and Jurisdiction:** Notice has been given as required and the Commission has jurisdiction of the subject and the persons. The Commission conducted an adjudicative inquiry into the sufficiency of the search to ascertain the whereabouts of the parties entitled to notice and upon the adjudicative inquiry into the factual issue of due diligence, the Commission finds that a meaningful search of all reasonably available sources at hand was conducted. Furthermore, after examining the record herein, including the notice by publication, affidavits of publication and affidavits of mailing, the Commission finds the process to be proper and that notice has been given in all respects as required by law and the Rules of the Commission.
5. **Amendment:** Applicant amended paragraph 2(c) to accurately reflect 320-acre horizontal drilling and spacing units established by Order No. 699797.
6. **Relief Requested:** Applicant requests that a multi-unit horizontal well be permitted to be drilled, completed and produced in accordance with the Application at the location shown in "Relief Granted."
7. **Reason for Relief:** Applicant proposes to drill a multiunit horizontal well to test the Mississippian and Woodford common sources of supply in Section 6 and W/2 of Section 7. The Mississippian common source of supply is the Target Reservoir, with the Woodford as an associated common source of supply. The Reservoir is tight with low

permeability and will produce predominately gas. It is desirable to drill the lateral to the longest length possible to enhance the economics of the well. The well will not drain significantly to the north and south of the wellbore, and drainage to the east and west is limited primarily to the area affected by the fracture stimulation. Drilling the multiunit horizontal well at the locations requested allows for production from a greater portion of reservoir and the drilling of a longer lateral without uncompensated drainage to the offset sections. The Mississippian and Woodford common sources of supply in Section 6 and W/2 of Section 7 are likely to be encountered at the following depths:

Section 6	Mississippian	9,275'
Section 6	Woodford	9,405'
W/2 of Section 7	Mississippian	10,310'
W/2 of Section 7	Woodford	10,415'

The drilling of the well as a multiunit horizontal well will prevent both economic waste and waste of hydrocarbons. It is less expensive to drill a longer lateral in a single horizontal well than to drill two laterals in two separate horizontal wells. By completing and producing the lateral across the section line, the production of hydrocarbons from a larger portion of the reservoir occurs. If the completion interval stops as it approaches the section line and then restart on the other side of the section line, the hydrocarbons located in the reservoir on either side of the section line may not be produced by the well. The common sources of supply are approximately the same thickness and quality across the multiunit area and the allocation of costs and production based upon a percentage of completion interval within each unit is fair and reasonable.

8. **Relief Granted:** The Application for multiunit horizontal well is granted as requested herein. A portion of the completion interval will be located in one or more of the following 640-acre and 320-acre drilling and spacing units at the described locations:

LOCATION	COMMON SOURCE OF SUPPLY	ORDER NO.
6-12N-7W	Mississippian	141057
	Woodford	665725
W/2 of 7-12N-7W	Mississippian	699797
	Woodford	699797

Surface Location: to be determined

	North/South Location	East/West Location	Unit Boundary
1 st Perforation	NCT 165' FNL	NCT 1,770' FWL	Section 6
Last Perforation	NCT 0' FSL	NCT 1,770' FWL	Section 6
1 st Perforation	NCT 0' FNL	NCT 1,770' FWL	W/2 of Section 7
Last Perforation	NCT 165' FSL	NCT 1,770' FWL	W/2 of Section 7

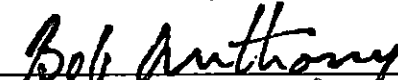
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9. **Allocation Factor:** The allocation factor for each of the affected units should be determined by dividing the length of the completion interval from the multiunit horizontal well located in each unit by the entire length of the completion interval of the

9. **Allocation Factor:** The allocation factor for each of the affected units should be determined by dividing the length of the completion interval from the multiunit horizontal well located in each unit by the entire length of the completion interval of the well. In the event the lateral of the well stays within the Mississippian and Woodford common sources of supply throughout the drilling of the lateral, Applicant anticipates that approximately 50% of the completion interval will be located in Section 6, and approximately 50% in the W/2 of Section 7, with the cost of and the production and proceeds from the well allocated between the affected units based on such percentages. The actual allocation of such costs, production and proceeds may vary depending upon the results of the drilling and completion of the well. Attached hereto and marked as Exhibit "A" is a map showing the location of each currently existing well in each of the affected units covered hereby and the approximate anticipated location of the proposed multiunit horizontal well.
10. **Reopening:** This matter will be reopened before the Commission on 6th day of January, 2020, for submission of a directional survey confirming that the downhole locations are in conformity with this Interim Order and to determine the final allocation of costs, production and proceeds. Any named formation not encountered in the drilling of the subject well will be dismissed at the time of the final hearing.
11. The multiunit horizontal well, in accordance with the foregoing, is necessary to prevent waste and to protect correlative rights and Camino Natural Resources, LLC shall be permitted to drill, complete and produce a multiunit horizontal well as set out herein and IT IS SO ORDERED.
12. **Effective Date:** This order shall be effective as of the date of the order entered herein.

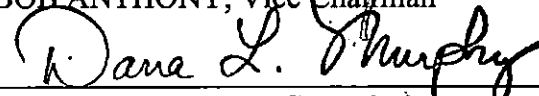
CORPORATION COMMISSION OF OKLAHOMA



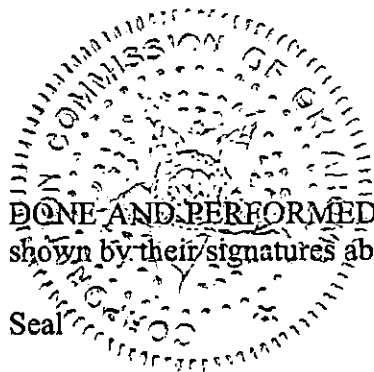
J. TODD HIETT, Chairman



BOB ANTHONY, Vice Chairman



DANA L. MURPHY, Commissioner



DONE AND PERFORMED by the Commissioners participating in the making of this order, as shown by their signatures above, this 13 day of November, 2019.

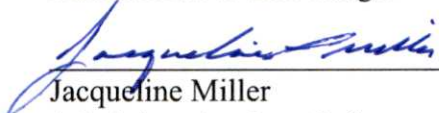
Seal



PEGGY MITCHELL, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

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



Jacqueline Miller
Administrative Law Judge

10-29-2019

Date



Richard H. McHay
Reviewer

11-5-19

Date

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.



Eric R. King

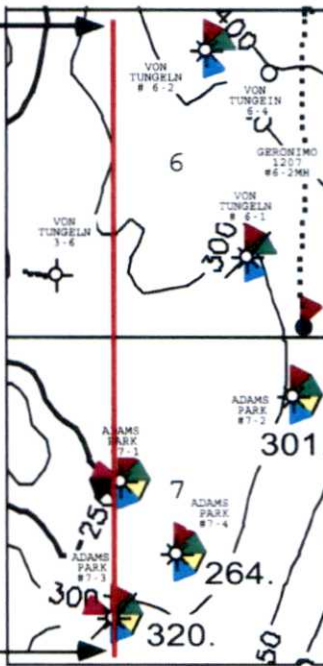
First Perf:
165' FNL
1,770' FWL
Section 6

T12N-R7W

9275 MISSISSIPPIAN
10310 WOODFORD

9405 MISSISSIPPIAN
10415 WOODFORD

Last Perf:
165' FSL
1,770' FWL
Section 7



Section 6
VON TUNGELN # 6-2
CHRX/MSSP/HNTN (8959-10614)
07-80 > 425 & 16
04-18 > 4 & 0
CAMINO NATURAL RESC

VON TUNGELN # 6-1
RDPK/MSSP/HNTN (9080-10676)
10-79 > 134 & 2
12-83 > 0 & 0
SANTA FE MHRLS

GERONIMO 1207 #6-2MH
MSSP (10333-15110)
08-17 > 524 & 60
07-18 > 1514 & 0
CAMINO NATURAL RESC

Section 7
ADAMS PARK #7-2
OSWG/CHRX/MSSP/HNTN
(8688-10676)
05-82 > 373 & 11
02-18 > 3 & 0
CHISHOLM O&G O

ADAMS PARK #7-1
HXBR (6892-6928)
07-80 > 286 & 8
06-89 > 6 & 0
CHESAPEAKE
HXBR (6892-6928)
01-90 > 404 & 3
02-18 > 14 & 0

ADAMS PARK #7-4
OSWG/CHRX/MSSP/HNTN
(8804-10840)
08-82 > 1019 & 19
08-18 > 34 & 0
JONES ENERGY LLC

ADAMS PARK #7-3
HXBR/OSWG/CHRX/MSSP/HNTN
(6928-10927)
06-82 > 2018 & 43
11-11 > 33 & 0
JONES ENERGY LLC

**MISSISSIPPI
GROSS
INTERVAL
ISOPACH
C.I. = 50'**

MSSP
HXBR HNTN
VIOL OSWG
SLVN CHRX

LEASE NAME	RESERVOIR (PERFORATIONS)	1ST PRCD > CUM, MMCF & MBBL	1ST PRCD > DAILY GAS & OIL	OPERATOR CURRENT