

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: CAMINO NATURAL RESOURCES, )  
LLC )  
RELIEF REQUESTED: HORIZONTAL WELL ) CAUSE CD NO. 201904929  
LOCATION EXCEPTION (PART OF A MULTIUNIT ).  
LEGAL DESCRIPTION: SECTION 6 AND W/2 OF )  
SECTION 7, TOWNSHIP 12 NORTH, RANGE 7 ) ORDER NO. **705156**  
WEST, CANADIAN COUNTY, OKLAHOMA )

**INTERIM ORDER OF THE COMMISSION**  
**HORIZONTAL WELL LOCATION EXCEPTION**  
**(PART OF A MULTIUNIT)**

1. **Hearing Date and Place:** This Cause came on for hearing before Jacqueline Miller Porter, Administrative Law Judge, on 22<sup>nd</sup> day of October, 2019, 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:** Multiunit Horizontal Well application in Cause CD No. 201904928.
4. **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 first-class mail 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 publication, and the Commission has jurisdiction of the subject matter and parties.
5. **Amendments:** Applicant amended paragraph 2(c) to accurately reflect 320-acre horizontal drilling and spacing units established by Order No. 699797.

6. **Relief Requested:**

(a) Applicant requests an exception to the permitted well location established for the following common sources of supply 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 <sup>st</sup> Perforation	NCT 165' FNL	NCT 1,100' FWL	Section 6
Last Perforation	NCT 0' FSL	NCT 1,100' FWL	Section 6
1 <sup>st</sup> Perforation	NCT 0' FNL	NCT 1,100' FWL	W/2 of Section 7
Last Perforation	NCT 165' FSL	NCT 1,100' FWL	W/2 of Section 7

(b) An order allowing Applicant to situate its proposed horizontal well closer than 600 feet from the Adams Park 7-1 well (API No. 3501721540) operated by Jones Energy LLC located in Section 7.

7. **Reason Relief Should Be Granted:** Applicant proposes to drill a multiunit horizontal well to test the Mississippian and Woodford common sources 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 common sources of supply 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 is 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.

The proposed horizontal well location will maximize production from the unit and it will likely take more wells to drain this 640-acre unit and 320-acre unit. To properly position each well it will require the applicant to stagger the wells which will reduce the likelihood that one well will adversely affect another while, at the same time, ensuring maximum recovery and thus preventing waste. The granting of this application will prevent economic waste and protect correlative rights.

8. **Allowable:** The allowable shall be 100% of a normal allowable for the named common sources of supply.
9. **Previous Orders:** None.
10. **Special Finding:** The entire length of the lateral will be cemented such that the perforations will be isolated from the beginning and end point of the lateral in order to protect the correlative rights of the offset units, and at this time, the Operator plans on using the plug and perf completion technique.
11. **Interim Order Reopening:** This cause shall be continued to the 6<sup>th</sup> day of January, 2020, for the submission of the directional survey of the horizontal well. Any named formation not encountered in the drilling of the subject well will be dismissed at the time of the final hearing.
12. **Effective Date:** This order shall be effective as of the date of the order entered herein.

### **Order**

13. IT IS THE ORDER OF THE COMMISSION that the relief requested in the Application, as modified above, is necessary to ensure the greatest ultimate recovery of hydrocarbons from the above-mentioned common sources of supply, prevent or assist in preventing waste, and protect correlative rights of interested parties.

14. The relief set forth in the Application, as modified above, is granted, and Applicant is authorized to drill the well as set out herein, provided that such well is commenced within one year from the date of hearing or this order shall be of no force and effect.

CORPORATION COMMISSION OF OKLAHOMA

  
J. TODD HIATT, Chairman

  
BOB ANTHONY, Vice Chairman

  
DANA L. MURPHY, Commissioner

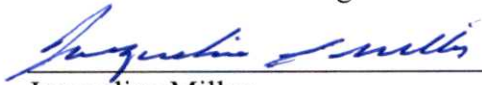
DONE AND PERFORMED by the Commissioners participating in the making of this order, as shown by their signatures above, this 13 day of November, 2019.

Seal

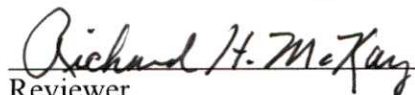
  
PEGGY MITCHELL, Secretary

**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

  
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