

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA . .

APPLICANTS: RED MOUNTAIN ENERGY LLC)
AND RED MOUNTAIN OPERATING, LLC)
RELIEF REQUESTED: HORIZONTAL WELL) CAUSE CD NO. 201903613
LOCATION EXCEPTION (PART OF A MULTIUNIT))
LEGAL DESCRIPTION: SECTIONS 30 AND 31,) ORDER NO. 705192
TOWNSHIP 8 NORTH, RANGE 18 EAST,)
PITTSBURG 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 Michael Norris, Administrative Law Judge, on 23rd day of September, 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 Applicants, Red Mountain Energy, LLC and Red Mountain Operating, LLC. There were no other appearances and no protests.

Findings

3. **Companion Causes:** Multiunit Horizontal Well application in Cause CD No. 201903611.
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:** None.

6. **Relief Requested:** 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.
30-8N-18E	Mississippian	701408
	Woodford	701408
	Hunton	125682
31-8N-18E	Mississippian	700629
	Woodford	700629
	Hunton	125682

Surface Location: no closer than 200 feet FSL and no closer than 1,000 feet FWL of Section 31, Township 8 North, Range 18 East, Pittsburg County, Oklahoma

	North/South Location	East/West Location	Unit Boundary
1 st Perforation	NCT 165' FSL	NCT 1,320' FWL	Section 31
Last Perforation	NCT 0' FNL	NCT 1,320' FWL	Section 31
1 st Perforation	NCT 0' FSL	NCT 1,320' FWL	Section 30
Last Perforation	NCT 165' FNL	NCT 1,320' FWL	Section 30

7. **Reason Relief Should Be Granted:** Applicants propose to drill a multiunit horizontal well to test the Mississippian, Woodford and Hunton common sources of supply underlying Sections 30 and 31. The Woodford common source of supply is the Targeted Reservoir. 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 source of supply is likely to be encountered at the following depths:

Section 30	Mississippian	7,319'
Section 30	Woodford	7,790'
Section 30	Hunton	7,853'
Section 31	Mississippian	7,319'
Section 31	Woodford	7,790'
Section 31	Hunton	7,853'

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 source 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.
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 14th day of January, 2020, for the submission of the directional survey of the horizontal well. Any 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 HIETT, Chairman



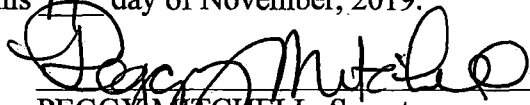
BOB ANTHONY, Vice Chairman



DANA L. MURPHY, Commissioner


DONE AND PERFORMED by the Commissioners participating in the making of this order, as shown by their signatures above, this 14 day of November, 2019.

Seal

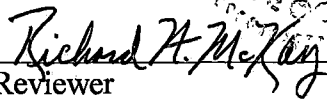

PEGGY MITCHELL, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

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

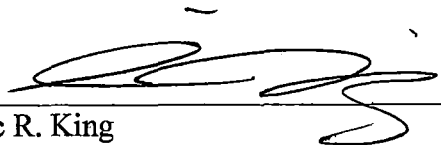

Michael Norris
Administrative Law Judge

10-31-19
Date


Richard A. McKay
Reviewer

11-06-19
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