

BEFORE THE CORPORATION COMMISSION  
OF THE STATE OF OKLAHOMA

APPLICANT: MARATHON OIL COMPANY

RELIEF SOUGHT: MULTIUNIT HORIZONTAL ) CAUSE CD NO. 201904404  
WELL )  
)

LEGAL DESCRIPTION: ALL OF SECTIONS 3 AND 10, )  
TOWNSHIP 3 NORTH, )  
RANGE 4 WEST, GARVIN )  
COUNTY, OKLAHOMA ) ORDER NO. **705195**

**INTERIM ORDER**

1. Administrative Law Judge; Date and Place of Hearing: This Cause came on for hearing before Keith Thomas, Administrative Law Judge for the Corporation Commission of Oklahoma, on the 23<sup>rd</sup> day of September, 2019, at 8:30 a.m., in the Commission Courtroom, Jim Thorpe Building, Oklahoma City, Oklahoma, pursuant to notice given as required by law and by the rules of the Commission, for the purpose of hearing, taking testimony and reporting his findings and recommendations to the Commission. The Administrative Law Judge heard the Cause and filed a report with the Commission, which report has been considered and the Commission therefore finds, adjudicates and orders as follows.

2. Appearances: Robert A. Miller, Attorney, appeared for the Applicant, Marathon Oil Company.

3. Jurisdiction and Notice: That the Commission has jurisdiction over the subject matter and the persons interested herein. That the Commission conducted a judicial inquiry into the sufficiency of Applicant's search to determine the names and whereabouts of the respondents who were served herein by publication, and based on the evidence adduced, the Commission finds that the Applicant has exercised due diligence and has conducted a meaningful search of all reasonably available sources at hand. The Commission approves the publication service given herein as meeting statutory requirements and the minimum standards of state and federal due process so that notice has been given in all respects as required by law and by the rules of the Commission.

4. Amendments: At the time of the hearing, the application was amended insofar as the Sycamore is the target formation and the Caney is the associated formation.

5. Relief Requested: That this is the application of Marathon Oil Company for an order granting the applicant or some other party the right to drill and produce a multiunit horizontal well on the 640 acre units for the Targeted Reservoir described hereinafter with the allocation of costs and production set forth below:

<u>SECTION</u>	<u>LENGTH OF COMPLETION INTERVAL</u>	<u>ALLOCATION OF COSTS AND PRODUCTION</u>
3	5,100'	50%
10	5,100'	50%
<b>TOTAL:</b>	<b>10,200</b>	<b>100%</b>

6. Relief Granted: That the requested relief is hereby granted. The proposed well is to be situated at the following location:

**Surface Location:** Shall be set forth in the final order to be issued in this Cause.

**Completion Interval in Section 10-3N-4W:** Perforations no closer than 150 feet from the South line and no closer than 0 feet from the North line; and no closer than 330 feet from the East line of all of Section 10.

**Completion Interval in Section 3-3N-4W:** Perforations no closer than 0 feet from the South line and no closer than 150 feet from the North line; and no closer than 330 feet from the East line of all of Section 3.

**Terminus:** Shall be set forth in the final order to be issued in this Cause;

That the **Sycamore** common source of supply in the lands covered hereby is the Target formation. The **Caney** common source of supply is the associated common source of supply. That the Caney common source of supply may be inadvertently encountered in the drilling of the lateral of the horizontal well when such well drills out of or exits such target formation. The Target Reservoir involved herein covers and includes all of the separate common sources of supply named herein.

That in Section 3-3N-4W the top of the **Caney** common source of supply is at an approximate depth of 11,815' and the top of the **Sycamore** common source of supply is at an approximate depth of 12,010'. That in Section 10-3N-4W the top of the **Caney** common source of supply is at an approximate depth of 12,615' and the top of the **Sycamore** common source of supply is at an approximate depth of 12,810'.

That the adjacent (“associated”) common source of supply is not encountered during the drilling of this well, and it will be dismissed at the time of the final hearing.

That the multiunit well will be for the Target Reservoir described above and subject to the following spacing orders:

**Section 3-3N-4W, Garvin County, Oklahoma:**

<u>Common Source of Supply</u>	<u>Order No.</u>
Caney	641409
Sycamore	641409

**Section 10-3N-4W, Garvin County, Oklahoma:**

<u>Common Source of Supply</u>	<u>Order No.</u>
Caney	641964
Sycamore	641964

7. **Reason for Relief:** Economic - it was the engineering testimony that there are numerous benefits of drilling a multiunit lateral for the Shale Reservoir: (a) Cost savings by construction of one surface location versus two surface locations; (b) Cost savings in infrastructure costs of one lease road and one pipeline versus multiple roads and pipelines if each section is developed solely as a 640-acre unit; and c) Reduced costs of drilling only one well versus two wells. Applicant estimates that the savings in excess of \$2,000,000 will result from drilling one 10,200' multiunit lateral versus a 5,100' lateral in Section 3 and a 5,100' lateral in Section 10. Engineering - the Shale Reservoir is approximately the same thickness and same quality across each of the affected units and allocation of costs and production based upon the percent of completion interval within each unit is fair and reasonable.

8. **Allocation of Costs and Production:** That the allocation factor for each of the affected 640 acre units involved herein shall be determined by dividing the length of the completion interval of the multiunit horizontal well involved herein located in each such affected unit by the entire length of the completion interval of such multiunit well. In the event that the lateral of the multiunit horizontal well involved herein stays within the productive portion of the Shale Reservoir throughout the drilling of such lateral, then Applicant anticipates that approximately 50% of the completion interval of such multiunit horizontal well will be located in said Section 3; and, approximately 50% of the completion interval of such multiunit horizontal well will be located in said Section 10. The cost of and the production and proceeds from such multiunit horizontal well is to be allocated between the affected units involved herein based on such percentages. The actual allocation of such costs, production and proceeds may vary depending upon the results of the multiunit horizontal well involved herein.

9. **Final Allocation:** That the final determination of the costs and production for the multiunit horizontal well to be drilled hereunder shall occur upon reopening of this Cause and submission of a bottom hole survey and evidence of the actual completion interval location in each of the above-described units.

10. **Special Provisions:** That 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.

11. Companion Causes: That is case is a companion cause to Increased Density applications filed in Cause CD No. 201904400, CD No. 201904402, CD No. 201904406, and CD No. 201904407; Separate Allowable applications filed in Cause CD No. 201702792, CD No. 201702794, CD No. 201904401, and CD No. 201904403; Multiunit applications filed in Cause CD No. 201702795, CD No. 201702797, CD No. 201702799, CD No. 201702801, CD No. 201702803, CD No. 201702805, CD No. 201702807, and CD No. 201904398; and Location Exception applications filed in Cause CD No. 201702796, CD No. 201702798, CD No. 201702800, CD No. 201702802, CD No. 201702804, CD No. 201702806, CD No. 201702808, CD No. 201904399, and CD No. 201904405; and Exception to Rule applications filed in Cause CD No. 201904408 and CD No. 201904409.

12. Reopening Cause: That this Cause shall be reopened on May 12, 2020, to submit any bottom hole directional surveys and present evidence of the actual completion interval of such multiunit horizontal well, if the same have been run.

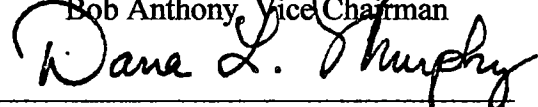
That the multiunit horizontal well, in accordance with the foregoing, is necessary to prevent waste, to protect correlative rights, and to aid in the full and efficient development of each of the affected units covered hereby; and **Marathon Oil Company** should be permitted to drill, complete, and produce such well, as set out herein, provided that such well is commenced within one year from the date of this order or this order shall be of no force and effect, and IT IS SO ORDERED.

DONE AND PERFORMED this 14 day of November, 2019.

CORPORATION COMMISSION OF OKLAHOMA

  
\_\_\_\_\_  
J. Todd Hiatt, Chairman

  
\_\_\_\_\_  
Bob Anthony, Vice Chairman

  
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Dana L. Murphy, Commissioner

ATTEST:

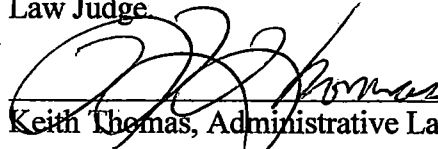
  
  
\_\_\_\_\_  
Peggy Mitchell, Secretary of the Commission

APPROVED AS TO FORM AND CONTENT:

  
\_\_\_\_\_  
Robert A. Miller

**REPORT OF THE ADMINISTRATIVE LAW JUDGE**

The foregoing Findings and Order are the report and recommendation of the Administrative Law Judge.

  
\_\_\_\_\_  
Keith Thomas, Administrative Law Judge

11/5/19  
Date

  
\_\_\_\_\_  
Reviewer

11/06/19  
Date