



HISTORY AND EVOLUTION OF POOLING ORDERS

Oklahoma City Association of Petroleum Landmen
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HISTORY AND EVOLUTION OF POOLING ORDERS

Compulsory force pooling in Oklahoma evolved from ordinances passed by the City of Oklahoma City in 1929.¹ A copy of Ordinance No. 3615 is attached as Exhibit "A." The first force pooling orders were issued by the Board of Adjustment of the City of Oklahoma City. These ordinances provided that drilling would be permitted only in certain areas and only one well would be permitted per block. The ordinances further provided that if an agreement could not be reached with all the owners in a block, then a hearing was required before the Board of Adjustment. In 1945, the Oklahoma legislature passed a statute that provided for force pooling and placed the responsibility for issuing these orders with the Corporation Commission. This statute was repealed in 1947 and replaced by the present statute that has been amended a number of times. The authority of the Corporation Commission to issue pooling orders arises from the Oklahoma Constitution and statutes.²

The Corporation Commission followed the form of the force pooling orders issued by the Board of Adjustment of the City of Oklahoma City. The early orders of the Corporation Commission usually pooled only one formation and contained no provision for the termination of the pooling order. A copy of a force pooling order (Order No. 23123) issued by the Commission on December 9, 1949 is attached as Exhibit "B."

The purpose of a pooling order is to: (1) promote the orderly development of the unit; (2) provide the maximum recovery of the hydrocarbons; (3) prevent waste; and (4) protect correlative rights.

¹ Oklahoma City, OK, Ordinance No. 3615, (1929); Oklahoma City, OK, Revised Ordinance 25-36, (1936).

² Okla. Const. art. IX, § 18, *et seq.*, Tit. 17, Okla. Stat., § 51, Tit. 52 Okla. Stat., § 86.1, *et seq.*

Effective August 15, 1981, the Commission issued Rule 25(a)(12) which provided that "a pooling order shall contain language that if the unit well is not commenced within the time designated, the order shall be null and void, except as to the payment of cash bonuses."³ The present OCC-OGR 165:5-15-3 contains the following provisions:

- (A) **TERMINATION OF ORDER.** A pooling order shall contain language to the effect that if operations for the drilling of the well are not commenced within the time designated, the order shall terminate except as to the payment of cash bonuses.
- (B) **AFFIDAVIT OF MAILING.** The applicant or other responsible person shall file with the Court Clerk, within ten(10) days from the date of the pooling order, an affidavit stating that a copy of said order was mailed within three (3) days from the date of the order, unless the Commission directs otherwise, to all parties of record and respondents whose addresses are known. The name and address, if known, of each respondent in the proceeding who has not previously been dismissed shall be set out in the affidavit.
- (C) **LIST DISMISSED PERSON.** The pooling order shall list all persons dismissed in the cause.
- (D) **ELECTIONS.** A pooling order shall contain language to the effect that the respondents shall have at least fifteen (15) days from the date of the order in which to communicate an election to the applicant or other responsible person as to the option selected under the order, unless the Commission directs otherwise. A respondent in a pooling order shall be deemed to have made a timely election if, as provided in the pooling order, the respondent has delivered his election by telegram, by telegraph, or by timely mailing as indicated by postmark of the U. S. Postal Service on or before the last day allowed in the order. The election shall be directed to the persons designated in the pooling order to receive elections.
- (E) **ESCROW ACCOUNTS.** A pooling order which pools interests of unknown or unlocated owners shall contain language to the effect that if any payment of bonus, royalty payments, or other payments due and owing under the order cannot be made because the person entitled to it cannot be located or is unknown, then the bonus, royalty payments, or other payments shall be paid into an escrow account in a financial institution within ninety (90) days after the order and shall not be commingled with any funds of the applicant or operator; that the

³ Corporation Commission Rules of Practice, Rule 25(a)(12).

Commission shall retain jurisdiction to grant to financially solid and stable holders an exception to the requirement that funds be paid into an escrow account with a financial institution and permit such holder to escrow such funds within such holder's organization; that responsibility for filing reports with the Commission as required by law and the Commission rule as to bonus, royalty, or other payments deposited into escrow accounts shall be with the applicable holder; that such funds deposited in said escrow accounts shall be held for the exclusive use of, and sole benefit of, the persons entitled to it; and that it shall be the responsibility of the operator to notify all other holders of this provision and of the Commission rules regarding unclaimed monies under pooling orders.

(F) **EXHIBIT LIST OF RESPONDENTS.** A pooling order shall contain an attached exhibit listing all respondents or interest in the following manner:

1. Known respondents. List all known respondents by name and address.
2. Unknown and/or unlocatable respondents. List all respondents, with last known address if available, or if there are none so state under this section of the exhibit.
3. Respondents listed for curative reasons only. List all respondents or if none so state under this section of the exhibit.

(G) **HORIZONTAL WELLS: ELECTION.** A pooling order for a horizontal well unit which overlies existing production from the same common source of supply as the horizontal well unit shall provide that if any owner should elect not to participate in the development of the horizontal spacing unit, said owner's interest in the production from the well or drilling and spacing unit which existed prior to the formation of the horizontal well unit shall not be affected.

(H) **HORIZONTAL WELLS: CONVERSION.** A pooling order for a horizontal well unit which overlies existing production from the same common source of supply as the horizontal well unit may not provide for the conversion of an existing producing oil or gas well into the permitted well for the horizontal well unit unless all working interest owners in such existing well consent to such conversion. A pooling application for such conversion shall include a statement that all working interest owners in such well have agreed in writing to such conversion.

Most pooling orders provide the following information:

1. Identity of the applicant;

2. Legal description and common sources of supply covered by the order;
3. Paragraph describing due diligence to find the respondents;
4. List of respondents and any common sources of supply dismissed from order;
5. Dry hole and completed costs for the proposed well;
6. Options offered in lieu of participation;
7. Provide election periods;
8. Time to commence operations;
9. Subsequent well language;
10. Escrow accounts;
11. Name of operator of unit;
12. Provide for lien;
13. Statement that order will be mailed in three days; and
14. A list of the respondents and their address is attached to the order as Exhibit "A."

Over the years, as technology expanded the thinking and abilities of the oil industry, force pooling orders gradually evolved to include multiple formations, depth limitations, and eventually, increased density wells. As the scope of the orders expanded, it became necessary to change the content of the order to cover possible eventualities.

With the development of oil and gas technology and as more geological information became available, it became apparent that some of the originally pooled units created by the Corporation Commission were too large to effectively and economically drain all of the underlying hydrocarbons. Rather than despace these units to a smaller size, the Commission generally chose to allow the drilling of more than one

well per drilling and spacing unit. These "increased density" wells created new problems in trying to determine how the original pooling order affected the parties for the subsequent well. Was the order still valid as to all formations originally named, and formations penetrated by the initial well, or only formations currently producing?

The Corporation Commission solved this problem by issuing subsequent pooling orders for these wells. This became the policy of the Corporation Commission with the issuance of the now infamous "Policy Statement 45." While not completely terminating the original pooling order, certainly some rights were diminished. However, the issuance of two, three, or even four pooling orders on one drilling and spacing unit created other problems. Some of these problems were addressed and resolved in *Amoco* and subsequent cases.⁴

To avoid the problems created by the older pooling orders, most pooling orders now contain what is called "subsequent well language." This language has become necessary to equitably provide for the drilling of increased density wells. The provisions of the "subsequent well language" have not been set by rule of the Corporation Commission but have been created and more or less standardized by the attorneys who practice at the Corporation Commission. Typical "subsequent well language" is attached as Exhibit "C." However, subsequent well language does not answer the question "when does a pooling order expire?"

Does a pooling order expire with the drilling of the initial unit well resulting in a dry hole?

⁴ *Amoco Prod. Co. v. Corp. Comm'n*, 752 P.2d 835 (Okla. Ct. App. 1987); *Ranola Oil Co. v. Corp. Comm'n*, 752 P.2d 1116 (Okla. 1988); *Amoco Prod. Co. v. Corp. Comm'n*, 751 P.2d 203 (Okla. Ct. App. 1986) (adopted by the Supreme Court, February 9, 1988); *SKZ, Inc. v. Petty*, 782 P.2d 939 (Okla. 1989); *Inexco Oil Co. v. Corp. Comm'n*, 767 P.2d 404 (Okla. 1988), *cert. denied*, 490 U.S. 1040.

Can a pooling order hold all named formations forever?

After 180 days, does the order expire as to all formations that are not completed and producing?

Does the pooling order have implied covenants to further develop that might be cause for termination of the order?

The questions could go on and on.

The problem of no provision for the automatic expiration of a force pooling order was noted by the Supreme Court as follows:

Under the original pooling order, the only requirement to keep the rights of the Order alive was to commence drilling the initial well within 180 days from the date of that order. The Operator met this requirement. Other than this requirement, there is no provision for automatic expiration of the force pooling order. There is no provision for termination or condition for expiration.⁵

Abandonment of Unit

Numerous parties would probably support the proposition that the drilling of a dry hole will automatically terminate a force pooling order if the initial 180-day commencement term has expired. However, in the *Southern Union* case, the Court specifically found that there were two factors involved in the decision that the pooling order had expired. They found that a dry hole had been drilled and that the unit had *been abandoned*.⁶

The court in Oklahoma has adopted a liberal doctrine of abandonment. In order to prove abandonment, it must be proven that the operator has no present intention to

⁵ *Southern Union Prod. Co. v. Eason Oil Co.*, 540 P.2d 603 (Okla. Ct. App. 1975).

⁶ *Southern*, 540 P.2d at 603.

drill a well at any time in the near or remote future. In addition, the intent to abandon need not be expressed. Courts have stated that "actions speak louder than words."⁷

Unit Plan of Development

If the pooling order provides for a plan of development of the unit, then the drilling of one dry hole might not terminate the plan for the entire unit. The idea that the pooling order provided for a unit plan of development was stated by the court in *Amoco*:

The actual hole or holes in the ground used to extract the oil and gas cannot be given effect as individual units, therefore, we interpret the word "well," as used in Orders 224432 and 232312, to mean the oil and gas underlying the pooled unit, regardless of the number of wells needed to extract the minerals.⁸

The unit plan of development idea was also addressed by Mr. Charles Nesbitt in his often-quoted article.

A totally unresolved question is how and when a working interest which vested in the developing owners pursuant to a force pooling order reverts to the mineral owner; or otherwise expressed, when does such an order finally expire?

The purpose of the Order is exhausted at the end of the process of development; but this date is not necessarily measured by plugging an initial dry hole or by cessation of production from the spacing unit.⁹

The underlying concept seems to be the development of the entire unit regardless of the number of wells needed to be drilled. Even if a well was drilled, then plugged as a dry hole on the 180th day of the pooling order, this event alone does not provide for the automatic termination of the forced pooling order. Under a force pooling order the operator is required to commence operations on the unit well within the period prescribed in the order (usually 180 days) and once the initial well is commenced the

⁷ *Bryan v. State*, 271 P. 1020-21 (Okla. 1928).

⁸ *Amoco*, 752 P.2d at 107.

⁹ Nesbitt, *The Forced Pooling Order; How Long; How Wide? How Deep?*, 52 Okla. B.J. 2799 (1981).

operator must continue operations with due diligence. Therefore, the Commission must carefully analyze the facts and circumstances on a case-by-case basis to determine if an order, or any part thereof, has terminated.

One of the underlying concepts stated by the court in *Amoco* and the later cases is the idea that the original risk capital investors should be given every consideration in developing the unit because they took the risk of drilling the initial well.¹⁰ These cases all state that because the drilling of oil and gas wells is a risky venture, the original risk takers should be given every opportunity to develop the unit.

The Commission, in determining whether an order has expired, must look carefully at the actions of the operator and whether or not the plan of development has been abandoned or whether only some of the formations have been abandoned. Some factors to be considered in determining whether the operator was diligently attempting to develop the unit could be the following:

1. Whether the operator has proposed the drilling of additional wells, conducted seismic operations, obtained increased density or location exception authority, or obtained an order providing subsequent well elections.
2. Amount of activity in the area, i.e., wildcat area or in the middle of producing field.
3. Availability of pipeline connection.
4. Market conditions.
5. Recoverable reserves. Are additional wells necessary?
6. Rig availability and drilling costs.
7. Time elapsed since the drilling of the initial well.

¹⁰ *Amoco*, 752 P.2d at 107.

Therefore, in determining the possible termination, or partial termination, of a pooling order, the unit plan of development must be considered. What is more important, the operator's implementation of that plan may be the determining factor of termination.

Consider the situation in which pursuant to a force pooling order a well was drilled, produced for a period of two years, then the well was plugged. Does the plugging of the initial well mean the pooling order has terminated? The answer is probably no. The plugging of the initial well alone may not be grounds for the immediate termination of the pooling order. What if the operator was in the process of drilling another well? Would this constitute continuous operations that would satisfy the due diligence of the order? It might just be enough to keep the pooling order alive.

In *Amarex*, the court stated that skidding of the rig after the initial well was lost was not the "drilling of a new well."¹¹ Considering that approach, along with the Court's discussion in *Amoco* that the property rights of the "original capital risk takers"¹² should not be taken away until they have the opportunity to develop the unit, then the mere act of plugging the initial well may not be sufficient to automatically terminate the order. The Commission must carefully weigh the facts and circumstances in each case.

Downhole Zones

What happens if the pooling order pools several formations and the well is not drilled deep enough to penetrate all named formations. Does the pooling order expire to those formations not penetrated? In 1989, the Corporation Commission issued an

¹¹ *Amarex v. Corp. Comm'n*, 655 P.2d 1040 (Okla. 1982)

¹² *Amoco*, 752 P.2d at 207.

order in *Arnold Oil Properties, Inc.* that found that the prior pooling order had expired as to the Atoka formation.¹³ In this case, the initial well was drilled to a total depth that included the Atoka formation. The Atoka formation was found non-productive and a plug was set in the well. The well was completed in an uphole zone. There had been no further development of the unit for several years. The Commission found that the Atoka formation had been abandoned and that the pooling order had expired as to the Atoka formation. This case was not appealed to the Supreme Court.

In a recent case, the Corporation Commission issued an order in CD 200206091-T (Tag Team) finding that the length of time between the drilling of the initial well and the proposal of a subsequent well was enough to vacate the original order as to the unpenetrated common sources of supply.

Vacate, Amend or Modify Prior Orders

The Supreme Court of Oklahoma has stated in numerous cases¹⁴ that the jurisdiction to determine whether a prior order has ceased to be of force and effect is with the Corporation Commission. In *Nilson v. Ports of Call Oil Co.*, the court stated that the "authority to enter an order clarifying a previous order is continuing in nature, flowing from the entry of that prior order." Further, the court stated:

However, where the parties such as here, are conducting operations under a Commission imposed order, and the question sought to be litigated arises from the construction of that pooling order, the proper

¹³ CD 145461, Order No. 341171 issued by the Corporation Commission on August 30, 1989. Order No. 341171 contained the following language; "2. That Order No. 222966 has ceased to be of force and effect with regard to the Atoka formation, and that such formation had been abandoned under the terms of Order No. 222966. The Atoka formation is not subject to the terms of Order No. 22966.

¹⁴ *Southern*, 540 P.2d 603

forum to decide the question of construction is the Corporation Commission.¹⁵

The Corporation Commission has the authority to vacate, amend, modify, or change a prior pooling order based on the presentation of evidence concerning a change in conditions or change in knowledge of conditions, which would justify the changes. While the Commission may determine whether the order is still in force and effect, it cannot determine the "legal effect" of the order.¹⁶ The jurisdiction to determine the rights of the parties properly lies with the district court.

The proper forum to answer the question when does a pooling order expire lies with the Corporation Commission.

RESPECTFULLY SUBMITTED,


ELIZABETH ANNE GEORGE

¹⁵ *Nilsen v. Ports of Call Oil Co.*, 711 P.2d 98 (Okla. 1985).

¹⁶ *Amoco*, 752 P.2d at 207.

EXHIBIT "A"

Pub. in The Daily Record May 16-17-18 1929
 ORDINANCE NO. 3615

AN ORDINANCE AMENDING CHAPTER 22 REVISED ORDINANCES OKLAHOMA CITY 1928 BY ADDING THERETO FOUR ADDITIONAL SECTIONS TO BE KNOWN AND DESIGNATED AS SECTIONS 8-A AND 8-B, AND SECTIONS 13-A AND 13-B; AMENDING SECTIONS 9 AND 10 OF SAID CHAPTER 22, PROVIDING FOR ADDITIONAL CLASSIFICATIONS OF USE DISTRICTS AND DESIGNATING CERTAIN PROPERTY TO BE INCLUDED IN SUCH DISTRICTS AND RESTRICTING THE USE OF SUCH PROPERTY; PROVIDING REGULATIONS TEREFOR; PROVIDING PENALTY FOR THE VIOLATION HEREOF; REPEALING ORDINANCE NO. 3547, PROHIBITING MINING OR PRODUCTION OF PETROLEUM AND NATURAL GAS; REPEALING ALL PARTS OF SECTION 1 OF CHAPTER 7 OF REVISED ORDINANCES 1928 IN CONFLICT HEREWITH; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF OKLAHOMA CITY:

Section 1. That Section 9 of Chapter 22, Revised Ordinances Oklahoma City, 1928, be, and the same is hereby amended to read as follows:

"22-9. District-Description. For the purpose of regulating and restricting the location of trades, industries and other uses of property, all the property within the corporate limits of the City of Oklahoma City, as such limits now exist or may hereafter be fixed, is hereby divided into five classes of use districts termed respectively: U-1, U-2, U-3, U-4, U-7, U-8.

- U-1. Residence District.
- U-2. Apartment House District.
- U-3. Business and Light Manufacturing District.
- U-4. Heavy Industry District.
- U-7. Oil or Gas District.
- U-8. Provisional Business District.

Section 2. That there is hereby added to Chapter 22, Revised Ordinances of Oklahoma City, 1928, an additional section, such section to be known and designated as Section 8-A and to be as follows:

"22-8A. Oil or Gas.
 U-7 Use:

Petroleum well.
 Natural gas well.
 Refineries.
 Derricks.
 Machinery.
 Boilers.
 Tool Houses, storage tanks, and other appurtenances necessary for the mining, drilling for and production of crude petroleum and/or natural gas or any other minerals under the restrictions of Section 13-A of this Chapter, and in conformity with all other ordinances of the City of Oklahoma City, or laws, rules or regulations of the State of Oklahoma or any department, Board or Bureau thereof."

Proposed by Council

Section 3. That Section 10 of Chapter 22, Revised Ordinances, 1928, be, and the same is hereby amended to read as follows:

"22-10. U-1 Use. All the territory now or hereafter included within the corporate limits of the City of Oklahoma City, Oklahoma, is hereby designated as U-1 District, and shall be under the restrictions and regulations as set forth in this ordinance for U-1 use, except those blocks and parts of blocks, pieces or parcels of land designated and set apart for U-2 use, U-3 use, U-4 use, U-7 use or U-8 use.

Section 4. That there is hereby added to Chapter 22, Revised Ordinances, 1928, an additional section to be known and designated as Section 13-A, said section to be as follows:

"22-13A. U-7 Use. Regulations.

(1) In a class U-7 use district, no building, structure, or premises shall be used and no building or structure shall be erected, moved, altered or repaired which is arranged, designed or intended to be used, except for a class U-1, U-2, U-3, U-4 or U-7 or U-8 use.

(2) In a U-7 use district, no refinery shall be erected, moved or altered and no petroleum or natural gas well shall be dug, drilled or put down, unless such refinery or petroleum or natural gas well shall be not less than 150 feet distant from the outside boundary lines of the parcel or tract of land upon which such well is dug, drilled or put down, or upon which such refinery is erected, moved or altered, nor shall any petroleum or gas well be put down or drilled, nor shall any refinery be erected, moved or altered unless the same shall be not less than 150 feet distant from any public street, alley or highway. No petroleum or natural gas well shall be dug, drilled or put down unless the same shall be not less than 150 feet from any building used or inhabited for a dwelling, apartment, tenement, business house, manufacturing plant or in which persons live or work, nor shall any building be erected, moved, altered or repaired in a U-7 use district, unless the same shall be not less than 150 feet from any petroleum or natural gas well.

(3) No casinghead gasoline plants or devices or traps for extracting, separating or collecting natural gasoline from natural gas, shall be installed, maintained, erected or operated at any time upon any piece or parcel of land in a U-1, U-2, U-3, U-4, U-7 or U-8 use district, it being the intent of this section to prohibit the same at any place within the corporate limits of the City of Oklahoma City, and no casinghead gasoline shall be transported or stored within the city limits. No petroleum well, natural gas well, refinery, derrick, machinery, boiler, tool house, storage tank or other appurtenances used, operated or maintained for the mining and drilling for, refining of or production of crude petroleum or natural gas or of any other minerals shall be permitted under any conditions in a U-1, U-2, U-3, U-4 or U-8 use district.

(4) The storage of crude oil or crude petroleum or the products thereof, shall be permitted in a U-7 use district in tanks erected and maintained above the surface of the ground, and all parts of Section 1 of Chapter 7 of Revised Ordinances, 1928, in conflict herewith, are hereby expressly repealed, but this shall not be deemed to repeal any part of said Section 1 of Chapter 7, revised ordinances, 1928, relating to crude oil or to any storage of oils or other inflammable or volatile substances in any part of the City except in a U-7 use district.

(5) It shall be unlawful and an offense for any person, firm or corporation to set fire to or to burn or to cause to be burned any oil or liquid with petroleum content in any sump hole, open pool or reservoir or tank or to permit oil so situated upon premises belonging to, leased by or controlled by any such person, firm or corporation to be burned within the corporate limits of the City of Oklahoma City.

(6) It shall be unlawful and an offense for any person, firm or corporation to deposit, place, throw, divert or in any manner dispose of or cause or permit to be deposited, placed, thrown, diverted or disposed of within the corporate limits of the City of Oklahoma City, any crude petroleum, oil or oily by-product thereof or any tar or any product containing tar or any liquid with petroleum content or any oily substance thereof or

upon the waters of the North Canadian River or of any lagoon, creek or tributary thereof, or upon the banks thereof or upon any land adjacent thereto which by reason of its location may cause such petroleum oil or liquid with petroleum content to be deposited or diverted or may run or be transferred or carried into said river or the banks or tributaries thereof.

(7). It shall be unlawful and an offense for any person, firm or corporation to deposit, drain or divert into or upon any public highway, street or alley, drainage ditch, storm drain, creek, river, lake or lagoon, any oil or liquid with petroleum content or any oily substance or any mud, rotary mud, sand or water or in any manner to permit by seepage, overflow or otherwise any of such substances to escape from any property owned, leased or controlled by such person, firm or corporation, and to flow or be carried into or upon any such public highway, street or alley, drainage ditch, storm drain, creek, river, lake or lagoon, within the corporate limits of the City of Oklahoma City.

(8). Property Description. The following described blocks, parts of blocks, pieces or parcels of land, are hereby included in that district set apart for and under the regulations and restrictions of the U-7 use district as described herein:

All of the property situated within the Corporate limits of the City of Oklahoma City, or which may hereafter be situated within the corporate limits of the City of Oklahoma City, within the district described as follows:

Beginning at a point in the East line of Pennsylvania Avenue where the same is intersected by the center line of the alley between Main Street and Grand Avenue, thence East and along the center line of said alley to the West line of Indiana Avenue, thence South along the West line of Indiana Avenue to the alley South of Grand Avenue, thence East along said alley line to the North bank of the cut-off of the old North Canadian River, thence in a southeasterly direction along said north bank to Reno Avenue,

thence East along Reno Avenue to the West line of Blocks Three (3) and Four (4), Amended plat of Delmar Park Addition, thence South and along said line produced South to the North right-of-way line of the Oklahoma Railway Company in Delmar Park Addition, thence in a southeasterly direction along the North line of said railway company's right-of-way to the North line of Choctaw Avenue produced West, thence East and along said produced line of Choctaw Avenue to Shartel Avenue, thence South and Southeasterly along the West line of Shartel Avenue to the North bank of the North Canadian River, thence in a Southeasterly, Easterly and Northeasterly direction along the North bank of said river to the alley East of Walker Street, thence North along the East line of said alley to the South line of Oak Street, thence East along the South line of Oak Street to the alley East of Robinson, thence North along the East line of said alley and along the East line of said alley produced North to the North line of the Saint Louis & San Francisco Railway Company's right-of-way, thence East to the center line of the A. T. & S. F. Railway Company's right-of-way, thence North and along said center line to the South line of Frisco Avenue, thence East and along the South line of Frisco Avenue to the center line of the Oklahoma Belt Railway Company's right-of-way, thence North and along said center line and along the East leg of the M. K. & T. Wye track, following said M.K. & T. track in an Easterly direction to the East line of Byers Avenue, thence North along the East line of Byers Avenue to the South line

of Grand Avenue, thence East along the South line of Grand Avenue and Grand Avenue produced East to the East line of Phillips Avenue, thence North and along the East line of Phillips Avenue to the South right-of-way line of the Chicago, Rock Island and Pacific Railway Company's right-of-way, thence East along said South line to the West line of High Street produced North, thence South along said produced west line of High Street and along High Street to the North line of Sycamore Street or Southeast Nineteenth Street produced East, thence West along the North line of Sycamore Street or Southeast Nineteenth Street produced and Sycamore Street to Terrace Lawn Boulevard, thence North along Terrace Lawn Boulevard to the South line of the alley between Nelson Street or Southeast Seventeenth Street, and Pearl Street, or Southeast Sixteenth Street, thence West along said produced alley line and along the alley line to the East line of Byers Avenue, thence North along the East line of Byers Avenue to the South line of Ash Avenue or Southeast Fifteenth Street, thence West along said South line to the West line of Central Avenue, thence South to the center line of Wadsworth Avenue or the center line of Southeast Eighteenth Street, thence West along said line produced West to the east bank of Lightning Creek, thence in a Southeasterly direction along said creek to the West line of Layman's Addition produced North, thence South and along the West line of Layman's Addition to Locust Street or Southeast Twenty-first Street, thence West and following Locust Street or along Southeast

Twenty-first Street to the West line of the A. T. & S. F. Railway Company's right-of-way, thence North along said West right-of-way line to the North line of Caldwell's Addition and Caldwell's Addition produced West, to the East line of Harvey Avenue, thence South along the East line of Harvey Avenue to the North line of Locust Street or Southwest Twenty-first Street, thence West to the West line of Hudson Avenue, thence South along the West line of Hudson Avenue to the North line of Poplar Street or Southwest Twenty-first Street produced East, thence West and along said Poplar Street or Southwest Twenty-second Street to the East line of Blackwelder Avenue, thence North and along the East line of Blackwelder Avenue to the North line of Ribble Avenue, thence West and along said South line produced West to the East line of Indiana Avenue as platted in Westwood Addition, thence North and along the East line of Indiana Avenue to the South line of Exchange Avenue, thence in a Southwesterly direction and along the South line of Exchange Avenue to the East line of Westwood Boulevard, thence in a Northwesterly direction and along the East line of Westwood Boulevard or Kentucky Avenue to the South line of Wheeler Street, thence West to the East line of Pennsylvania Avenue, thence North and along the East line of Pennsylvania Avenue to the alley between Main Street and Grand Avenue, said point being the point or place of beginning.

Section 5. That there is hereby added to Chapter 22, Revised Ordinances Oklahoma City, 1926, an additional section, such section to be known and designated as Section 8-B and to be as follows:

"22-8-B. Provisional Business District. U-8 Use. Any use permitted in a U-1, U-2, or U-3 use district; provided that no use permitted in a U-1 U-2 or U-3 use district shall be permitted in a U-8 use district unless the buildings, structures or appurtenances erected, moved, altered or repaired on the property within such U-8 use district shall be placed at a distance of not less than twelve and one-half (12½) feet back from the front boundary line of such property. The front boundary line, as used herein, is hereby defined to mean the boundary line of the property within such U-8 use district which abuts upon the boundary line of the public highway or street named in describing the various boundaries of such U-8 use district."

Section 6. That there is hereby added to Chapter 22, Revised Ordinances Oklahoma City, 1928, an additional section to be known and designated as Section 13-B, such section to be as follows:

"22-13-B. U-8 Use Regulations. (1) In a class U-8 district, no building, structure, or premises shall be used, and no building or structure shall be erected, moved, altered or repaired, which is arranged, designed or intended to be used for a class U-1, U-2 or U-3 use, unless the same shall conform to all the provisions of Section 8-B as set out herein. In a class U-8 use district, no building, structure or premises shall be used, and no building, or structure, shall be erected, moved, altered or repaired which is arranged, intended or designed to be used except for a class U-8 use.

"(2) Property description. The following described blocks, parts of blocks, pieces or parcels of land are hereby included in the district set apart for and under the regulations and restrictions of the U-8 use district as described herein.

All the property abutting upon Avenue G, described as follows: Beginning at a point 150 feet East of the East line of Robinson Avenue, and 150 feet North of the North line of Avenue G, thence South to a point 150 feet South of the South line of Avenue G, thence West to a point 150 feet West of the West line of Harvey Avenue, thence North to the center line of Avenue G, thence West to a point 300 feet West of the West line of Walker Avenue, thence North to a point 150 feet north of the north line of Avenue G, thence east to the point of beginning.

All of the property abutting upon Twenty-fifth Street and Twenty-fifth Street produced West from Lincoln Boulevard, (otherwise known as Carolina Avenue), Twenty-sixth Street (formerly platted as Twenty-fifth Street), and Lincoln Boulevard, described as follows:

The North two hundred seventy-five (275) feet of Block Sixteen (16) Barrows Addition; the South two hundred seventy-five (275) feet of Block Seventeen (17) Barrows Second Addition and Lots

Thirteen (13) to Thirty-six (36) inclusive
in Block One (1) Northeast Highlands Addition.

The South Two Hundred Seventy Five (275)
feet of Block Nine (9), Alta Vista Addition.

Section 7. That Ordinance No. 3547, prohibiting the
drilling of oil or gas wells within the city limits, is hereby
repealed; that all parts of Section 1 of Chapter 7, and all parts
of Chapter 22, Revised Ordinances, 1928, in conflict herewith are
hereby repealed; and all ordinances and parts of ordinances in
conflict herewith are hereby repealed.

Section 8. Any person, firm or corporation, violating
any provisions of this ordinance or engaging in any work or building,
or permitting to exist or maintaining anything in violation of the
terms of this ordinance, shall, upon conviction thereof, be
deemed guilty of an offense and fined in any sum not more than
Nineteen (\$19.00) Dollars, and costs. Each day that a violation
shall be continued, maintained, operated or permitted to exist
shall be deemed a separate offense.

Passed by the Council of Oklahoma City, Oklahoma, this
10 day of May, 1929.

Approved by the Mayor of Oklahoma City, Oklahoma, this
10 day of May, 1929.


Mayor

Attest:


City Clerk

Approved as to form this 16th day of April, 1929.

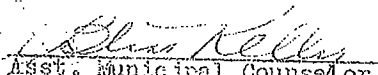

Asst. Municipal Counselor.

EXHIBIT "B"

Page 1 of 1

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

In the Matter of the Application of
Powel Briscoe and F. C. Hall for an
order pooling all oil and gas interests
in the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 12,
Township 12, Range 2, Oklahoma County,
Oklahoma

CAUSE NO. 2361

ORDER NO. 23123

REPORT OF THE COMMISSION

This cause came on for hearing before the Corporation Commission of Oklahoma on the 6th day of December, 1949, at 10 o'clock a.m., in the Commission's Court Room, Capitol Office Building, Oklahoma City, Oklahoma; the Honorable Reford Bond, Chairman, Ray O. Weems, Vice-Chairman and Ray C. Jones, Commissioner, sitting.

When the case was called, the same was referred to W. H. Sollers, Trial Examiner, for the purpose of taking testimony and reporting to the Commission.

Tom W. Garrett, attorney, appeared for the applicants, Powel Briscoe and F. C. Hall and Floyd Green, Conservation Attorney and John Blanton, Assistant Conservation Attorney, appeared for the Commission.

The Trial Examiner proceeded to hear the cause and has filed his report recommending that the application be granted, which report and recommendation is hereby adopted, and the Commission therefore finds as follows:

ORDER

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

1. That Fowl Briscoe and F. G. Hall be and they are hereby permitted and authorized to drill and complete a well to the Bartlesville sand common source of supply in the approximate center of the SE/4 of the SE/4 of Section 12, Township 12 North, Range 2 West, Oklahoma County, Oklahoma.
2. That the owners of the outstanding unleased mineral interests in said unit be permitted to participate in the working interest of the well by the payment of their proportionate part of the sum of \$60,000.00 within 10 days from the date of this order to the applicants herein.
3. That in the event the owners of the outstanding unleased mineral interest in said unit do not desire to participate in the working interest of the well then these applicants shall pay to them the sum of \$100.00 per acre for their leases and the owners are hereby required to elect within 10 days of the date of this order whether or not they desire to participate in the working interest of the well or to take a bonus for their leases.
4. That in the event the said owners do not make such election within 10 days, then it will be assumed that they have elected to take a bonus for their leases and that the leases shall be transferred to the applicants herein by operation of this order upon the tender by them of the sum of \$100.00 per acre for such interests.
5. That for the purpose of this order the sum of \$60,000.00 is fixed as the cost of drilling and completing a well and in the event there is a dispute as to the cost after such well has been drilled and completed, then this Commission reserves jurisdiction of this cause for the purpose of determining such cost.

DONE AND PERFORMED this 9 day of December, 1949.

CORPORATION COMMISSION OF OKLAHOMA

[Signature], Chairman

[Signature], Vice-Chairman

[Signature], Commissioner

ATTEST [Signature]

[Signature]
Secretary

EXHIBIT "C"

Only those owners electing to participate in the initial well will be allowed to participate in any subsequent well drilled on the drilling and spacing unit covered hereby. 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 dry hole and completed for production costs of the well and the well location. Each owner who participated in the prior well shall have 15 days from the receipt of said notice to elect, to the Applicants (with a copy to the proposing party), in writing, whether said owner elects to participate in said subsequent well, or, if not, which of the alternatives set forth in "ORDER" paragraphs 3, 4 and 5 above such owner elects. Owners electing to participate must pay to Applicants their proportionate share of said "completed for production" costs as appearing on the AFE, or furnish security satisfactory to Applicants therefor, within 20 days from the receipt of said notice. Those owners failing to elect to the Applicants 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 proposed subsequent well in which case said owner's right to participate in the proposed subsequent well and all subsequent future wells shall be transferred to the operator and said owner shall receive the highest cash bonus and corresponding royalty for which such interest qualifies herein under "ORDER" paragraphs 3, 4 and 5 above. An interest qualifies for the 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 100%. 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 Commission shall retain jurisdiction to determine the reasonableness of actual drilling and completion costs of subsequent wells. In the event operations for the proposed subsequent well are not commenced within 180 days after the date of the notice, then the proposal shall terminate and new notice must be resubmitted.

