

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA

APPLICANT: FOURPOINT ENERGY, LLC

RELIEF SOUGHT: MULTIUNIT HORIZONTAL WELL

LEGAL DESCRIPTION: SECTION 4, TOWNSHIP 16 NORTH,
RANGE 22 WEST AND SECTION 34, TOWNSHIP 17 NORTH,
RANGE 22 WEST, ELLIS AND ROGER MILLS COUNTIES,
OKLAHOMA

CAUSE CD NO.

201904950-T

APPLICATION

COMES NOW Applicant and shows the Honorable Corporation Commission as follows:

1. Parties: Applicant is FourPoint Energy, LLC, 100 Saint Paul St., Ste. 400, Denver, Colorado 80206-5140, who is the owner of oil and gas leasehold interests within the lands described in the caption hereof. The parties being named as respondents to this Application are listed on Exhibit "A" attached hereto and made a part hereof.

2. Allegation of Facts:

2.1 Section 4, Township 16 North, Range 22 West, Ellis and Roger Mills Counties, Oklahoma has been established as 640-acre drilling and spacing unit for the Tonkawa Sand common source of supply by **Order No. 493276** which order requires the unit well shall be located no closer than 1,320 feet from any unit boundary.

2.2 Section 34, Township 17 North, Range 22 West, Ellis and Roger Mills Counties, Oklahoma has been established as 640-acre drilling and spacing unit for the Tonkawa Sand common source of supply by **Order No. 62086 as consolidated by 66170** which orders require the unit well shall be located no closer than 1,320 feet from any unit boundary.

2.3 The Tonkawa Sand common source of supply in the lands covered hereby is a targeted reservoir, the top of which is found at approximately 8,110 feet in depth in Section 4 and 8,050 feet in depth in Section 34. The Tonkawa Sand common source of supply covered hereby constitutes a Targeted Reservoir under 52 O.S. §87.6.

2.4 Applicant has conducted a diligent and meaningful search of the local county assessor's records, county treasurer's records, and county deed records regarding the property involved for return addresses on recorded instruments, county probate records and city and county telephone directories and other sources of such information to locate each respondent and has made a bona fide effort to reach an agreement as to the development of the unit with each respondent located by such search.

2.5 Applicant, as operator, is proposing to drill a multiunit horizontal well in the lands involved herein in the Targeted Reservoir, with a portion of the completion interval of such multiunit horizontal well to be located in one or more of the 640-acre drilling and spacing units formed for the common source of supply involved herein in said Sections 4 and 34. Applicant is proposing to drill the multiunit horizontal well involved herein at the following location:

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LOCATION OF WELLBORE (LATERAL) AT SECTION 4

COMPLETION INTERVAL: THE PROPOSED LOCATION OF THE END POINTS OF THE COMPLETION INTERVAL WILL BE NO CLOSER THAN 330 FEET FROM THE SOUTH LINE AND NO CLOSER THAN 0 FEET FROM THE NORTH LINE AND NO CLOSER THAN 600 FEET FROM THE EAST LINE OF SECTION 4, TOWNSHIP 16 NORTH, RANGE 22 WEST, ELLIS AND ROGER MILLS COUNTIES, OKLAHOMA

LOCATION OF WELLBORE (LATERAL) AT SECTION 34

COMPLETION INTERVAL: THE PROPOSED LOCATION OF THE END POINTS OF THE COMPLETION INTERVAL WILL BE NO CLOSER THAN 0 FEET FROM THE SOUTH LINE AND NO CLOSER THAN 330 FEET FROM THE NORTH LINE AND NO CLOSER THAN 600 FEET FROM THE WEST LINE OF SECTION 34, TOWNSHIP 17 NORTH, RANGE 22 WEST, ELLIS AND ROGER MILLS COUNTIES, OKLAHOMA

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.

2.6 The Commission should allocate to each of the affected units covered hereby the reasonable drilling, completion and production costs associated with the multiunit horizontal well involved herein and the commingled production and proceeds from the completion interval of such multiunit horizontal well. Based upon the information now available, Applicant is proposing that the allocation factor for each of the affected units involved herein should 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 horizontal well. In the event the lateral of the multiunit horizontal well involved herein stays within the productive portion of the Tonkawa Sand common source of supply 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 4 and approximately 50% of such completion interval will be located in said Section 34** with the cost of and the production and proceeds from such multiunit horizontal 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.

2.7 Attached hereto as Exhibit "B" and made a part hereof 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 involved herein. Within the area in and around the lands covered hereby, there have been very few horizontal wells drilled within the Tonkawa Sand common source of supply and therefore, the nature and quality, including the potential productivity, of such common source of supply is not known. The results of the multiunit horizontal well involved herein will provide significant information concerning the nature and quality of the Tonkawa Sand common source in the lands covered hereby which will be used to determine whether any other horizontal wells are necessary within the lands involved herein for the full and efficient development and operation of the Targeted Reservoir covered hereby within the affected units involved herein. If the multiunit horizontal well involved herein is successfully drilled and if the results of such multiunit horizontal well are significant and if the price of natural gas is favorable, Applicant may potentially drill