APPLICANT:	NEWFIELD EXPLORATION MID-CONTINENT INC.	)
RELIEF REQUESTED:	POOLING (PART OF A MULTIUNIT HORIZONTAL WELL)	) CAUSE CD NO. 201407698-T
LEGAL DESCRIPTION:	SECTION 12, TOWNSHIP 15 NORTH, RANGE 9 WEST, KINGFISHER COUNTY, OKLAHOMA	)

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The cause came on for hearing before Curtis M. Johnson, Deputy Administrative Law Judge (ALJ), in the Oklahoma Corporation Commission's (Commission) courtroom, Kerr Building, Tulsa, Oklahoma, pursuant to notice given as required by law and the rules of the Oklahoma Corporation Commission for the purpose of taking testimony and reporting to the Commissioners.

HEARING DATE: February 4 and 5, 2015.

APPEARANCES: GREGORY L. MAHAFFEY, Attorney, appeared for the Applicant, Newfield Exploration Mid-Continent, Inc. ("Newfield"); JOHN R. REEVES, Attorney, appeared for Cimarex Energy Co. ("Cimarex"); DAVID E. PEPPER, Attorney, appeared for Devon Energy Production Company, L.P. ("Devon"); RICHARD A. GRIMES, Attorney, appeared for Greenstar Resources Operating, L.L.C.; and ROBERT A. MILLER, Attorney, appeared for Marathon Oil Company.

CASE SUMMARY

The protest in this Pooling Application is an operator fight between Newfield and Cimarex.

RECOMMENDATIONS

After hearing the witnesses, considering the documentary evidence, and hearing arguments of counsel, the Administrative Law Judge finds that the application should be granted, that Newfield Exploration Mid-Continent Inc. should be designated unit operator, with special provisions as set forth herein, and that the oral motion to dismiss this application by Cimarex should be denied.

EXHIBITS

Exhibit #1 Turner's Proposal Letter Dated October 2, 2014.
Exhibit #2 Newfield's Respondent List.
Exhibit #3 Newfield's Authority for Expenditure Dated January 23, 2015.
Exhibit #4 Newfield's Working Interest Ownership Breakdown for Section 12 and 13.
Exhibit #5 Newfield's Ownership Breakdown in the Subject Area.
Exhibit #6 Cimarex's Drilling Opinion for Section 12 Prepare by Gable and Gotwals December 11, 2014.
Exhibit #7 Turner's Proposal Letter for Section 12 & 13 to XEC 2014, LLC Dated October 13, 2014.

Exhibit #8 Turner's Proposal Letter for Section 12 & 13 to Devon Energy Production Company, L.P Dated October 13, 2014.
Exhibit #9 Turner's Proposal Letter for Section 12 & 13 to Ricks Private Drilling Well Program 1979-JT Dated October 13, 2014.
Exhibit #10 Turner's Proposal Letter for Sectio 12 & 13 to Ricks Private Drilling Well Program 1979-S Dated October 13, 2014.
Exhibit #11 Turner's Proposal Letter for Section 12 & 13 to Ricks Private Drilling Well Program 1979-GW Dated October 13, 2014.
Exhibit #12 Turner's Proposal Letter for Section 6 & 7 to XEC 2014, LLC Dated October 1, 2014.
Exhibit #13 Newfield's Pooling Application for Section 7 filed October 7, 2014.
Exhibit #14 Turner's Proposal Letter for Section 36 & 1 to XEC 2014, LLC Dated August 4, 2014.
Exhibit #15 Newfield's Pooling Application for Section 1 filed August 11, 2014.
Exhibit #16 Operating Agreementfor Section 12 Dated January 15, 1980.
Exhibit #17 Newfield's Stack Activity Map.
Exhibit #18 Cimarex's Proposal Letter for Section 12 to Newfield Dated October 23, 2014.
Exhibit #19 Cimarex's Proposal Letter for Section 7 to Newfield Dated October 23, 2014.
Exhibit #20 Cimarex's Authority for Expenditure for Section 12 Dated January 26, 2015.

SUMMARY OF PROCEEDING

1. Newfield is proposing to drill an approximate 10,000 foot multiunit lateral targeted for the Shale Reservoir, comprised of the Mississippian and Woodford common sources of supply per an order to issue in CD 201407696.

2. Cimarex was proposing to drill an approximate 5,000 foot lateral in Section 12, but dismissed its application seeking to pool section 12.

3. There is no dispute as to the terms of the pooling order to issue with the exception of operations.

4. Per Newfield's current AFE (Exhibit 3), the estimated dry hole costs are fixed at $3,172,521, and estimated completed well costs are fixed at $8,502,221, with such costs to be allocated on an interim basis, 50% to section 12 pursuant to multiunit horizontal order to issue in Cause CD 201407696.

5. Fair market value options are set at: (A) $2,400 per acre and 1/8 royalty; (B) $2,000 per acre and 3/16 royalty; or (C) $1,600 per acre and 1/5 royalty.

6. The election period shall be as follows: 20 days from the date of the order for parties to make their written election to Newfield, 25 days from the date of the order to prepay a party's share of the completed well costs, unless such party wishes to defer payment until receipt of a notice of spud provision, as hereinafter set forth, 35 days from the order date or receipt of a W-9, whichever is later, for Newfield to pay bonuses, and 180 days in which to commence operations. The order shall contain a standard subsequent well provision, allowing any participant to propose subsequent wells after first having necessary regulatory authority from the OCC. Such proposals shall be sent out in writing, either certified mail or facsimile, setting forth the approximate location of the well, the approximate depth of the well, and shall include an AFE for the well costs. Participating parties will have 20 days from receipt of such proposal to elect in or out of subsequent well, 25 days from receipt to pay well costs, or to defer payment of costs until notice of spud, as hereinafter provided, and the operator will have 180 days in

which to commence operations. If a party does not wish to participate or does not timely elect, or fails to timely pay costs, such party shall be deemed to have elected for its interest the highest cash bonus and lowest royalty for which such party qualifies, exclusive of existing wellbores, however a party may elect any of the above described fair market value options on subsequent wells. If a subsequent well is not timely commenced, the proposal will lapse, all parties will be in the same position as they would have been had no subsequent well been proposed, and if the proposing party still wants to drill the well, he must repropose same. Parties will have the right to share proportionally in pooled acreage. Newfield shall, as soon as possible after all elections are in, send out a notice to parties electing to participate in pooled acreage, which election shall be made at the same time such party elects to participate in the well. Such notice shall include a summary of pooled acreage, the costs associated with same, and the participant's proportionate share of same. Any party electing to participate in pooled acreage will have 15 days from receipt of such notice to pay to Newfield the costs associated with same. Failure to timely pay costs associated with pooled acreage will be deemed election to not take pooled acreage. Such party participating in pooled acreage will also be responsible to timely pay such party's proportionate share of additional completed well costs associated with the pooled acreage.

OPERATIONS DISPUTE

Most of the testimony and evidence herein concerned an operator's dispute between Newfield and Cimarex, and concerned Cimarex's contention that this case should be dismissed.

1. **ERIC WEIDEMANN**, Petroleum Landman for Newfield, who has previously been qualified to testify as an expert on land matters before the Commission, introduced Exhibit 1 being the proposal letter dated October 2, 2014, mailed out on behalf of Newfield by Turner Oil and Gas Properties, concerning Newfield's proposed Pinkerton 1H-12X Well. Attached to such proposal letter is an AFE dated October 2, 2014 showing the estimated completed well costs at that time of $11,112,000. Mr. Weidemann next introduced Exhibit 2, being an updated Exhibit A, listing certain parties to be dismissed, which oral motion to dismiss was granted and showing updated addresses and/or which parties were unlocatable. Mr. Weidemann testified that his brokers had exercised due diligence to locate the whereabouts of the parties shown as unlocatable or address unknown, including an investigation of all the available county records, court clerk's records, Secretary of State's records, and numerous internet searches including ACURINT, a multi-data base subscription service, commonly relied upon in the oil and gas industry to locate people. Mr. Weidemann also referred to Exhibit 3; Newfield's current AFE dated January 23, 2015, and stated that engineers could give more detail about such AFE. Mr. Weidemann also introduced Exhibit 4, Summary of Working Interest Ownership, demonstrating that Newfield, at the time of preparation of such exhibit owned 320 acres in Section 12 and 640 acres in Section 13, for a total of 960 acres, or 75% working interest, in the proposed, multiunit well. Cimarex only owned 40 acres or 3.13%. Mr. Weidemann testified that additional acres had been acquired by Newfield in Section 12 and Newfield now owns 373 acres in Section 12, giving Newfield almost 80% leasehold interest and cost bearing interest in the proposed, multiunit well. Cimarex, of record, only owns 40 acres and Devon, who appears to be supporting Cimarex, owns 40 acres, with the balance owned by others.

Upon cross-examination, Mr. Weidemann testified that he believed the proposed letter had gone out the same day he sent it to his broker, Turner Oil & Gas Properties. He does not know why Cimarex's letter (formerly XEC) is dated October 13, and not received by them until October 17. He admitted this pooling proceeding was filed October 15. See Exhibit 7. Likewise, it appears that Devon's proposal letter from Turner Oil & Gas Properties was dated October 13 and was received by Devon on October 18. See Exhibit 8. Proposal letters to the various Ricks private drilling programs were also dated October 13, and Mr. Weidemann does not know when same were received by the Ricks entities. See Exhibits 9, 10, & 11. Mr. Weidemann stated that these were the only proposal letters sent to these parties; however, he

has made numerous attempts in the last four months to reach an agreement with Cimarex and Devon, which efforts have been unsuccessful. Regarding the depths set forth in the proposal letter and the targeted formations, Mr. Weidemann says he checked with his technical team to confirm same. Mr. Weidemann said that Cimarex never asked any questions about the depth of the well, the amount of the AFE, the location of the well, or the fair market value options. His conversations with Cimarex included discussions involving an acreage trade.

Upon redirect examination, Mr. Weidemann said that, since October 17, 2014, he engaged in ongoing discussions with Rob Sher, Landman for Cimarex, in attempts to make a deal in this section. He noted that, even if Cimarex owns the additional acreage taken in the name of Delta Cor Energy, as lease broker, and even after including support of Devon, Cimarex owns no more than 175 acres (27.34%) versus Newfield's approximately 375 acres (58.59%). Mr. Weidemann testified that Newfield has no current plans to sell its acreage to Felix or to anyone else. Upon re-cross examination, Mr. Weidemann stated that, at the time the proposal letter was sent out to Ricks, there was an issue about what interest Ricks owned. A title opinion obtained later determined that Ricks does not have any current leasehold ownership. Mr. Weidemann believes that the percent ownership and the amount of costs being born by a party should be an important factor of who operates, if not the most important factor.

2. **MIKE HOFFSTROM** was called as Applicant's second witness as a hostile witness. Mr. Hoffstrom, Landman for Cimarex and former employee for Newfield, was asked about the Rock Island Well over which Newfield and Cimarex had had a dispute concerning Cimarex's participation and receipt of well information after Cimarex purchased 1 acre of leasehold interest near the time such well was drilled. Mr. Hoffstrom acknowledged the dispute between Newfield and Cimarex, but declined to say that such dispute had created "bad blood" between the two companies.

ORAL MOTION TO DISMISS

At this point in the proceedings, Mr. Reeves on behalf of Cimarex, made an oral motion to dismiss this case on the basis that Newfield failed to make a bonafide effort to reach an agreement with XEC, now Cimarex, Devon and the Ricks Group prior to filing this application. If Newfield's proposal letter had been mailed out on October 2, it would have been more than 10 days prior to filing on October 15, and Cimarex would not be seeking dismissal. However, the letters did not go out until October 13. This violates the 10 day rule of thumb time period before a pooling is filed after sending out a proposal letter and is a flagrant violation of the Commission rule. Mr. Reeves cited the Esco Exploration case, Order No. 264785 and contended that a bonafide effort is a jurisdictional requirement and therefore, this case should be dismissed.

Mr. Mahaffey contends that Cimarex's motion is untimely, that Cimarex waived this "lack of bona fide effort' claim by signing a Pre-Hearing Conference Agreement, and that it would have been a vain and futile act for Newfield to send out a proposal letter to Cimarex at least 10 days before filing the pooling as Cimarex has not made a deal with Newfield, even after numerous efforts in the last 4 months to reach an agreement. Mr. Mahaffey also argued that the Esco case is not precedential authority.

After hearing argument of counsel, the Administrative Law Judge finds that the oral motion to dismiss by Cimarex should be denied. The ALJ agrees that an applicant has an obligation to send out a proposal letter prior to the pooling and, has an obligation to actually contract respondents before filing a pooling in an effort to make an agreement. However, in this case, there are essentially only two (2) respondents left: Cimarex and Devon. The ALJ finds that the parties have negotiated for four months prior to today, cannot make a deal, therefore, it would be a waste of time and judical resources to dismiss this case, only to have it refiled and set for hearing again three (3) weeks later.

3. **PETE CHACON**, Drilling Engineer for Newfield, who has previously testified before the Commission as an engineer and had his qualifications accepted was called as Newfield's next witness. Mr. Chacon testified that the estimated drilling costs of $3,172,521 shown on Exhibit 3 is reasonable, that Newfield has obtained significant reduction in service prices in recent months since the oil prices dropped and that Newfield can drill the 19,750 foot measured depth well for this price in this area.

Upon cross-examination, Mr. Chacon testified that the initial process to approve this well for drilling started approximately 8 months ago under Newfield's master development project, this township was identified as being economical and then Newfield determined priority of which unit should be drilled based upon lease expirations and other factors. On August 6 a final, general review was made and then on August 20, 2014, the team knew that a true vertical depth of 9,380 feet and measured depth of 19,750 feet was contemplated for these two sections. He testified that the true vertical depth is not as important to the AFE as the measured depth and, Exhibit 3 is Newfield's general AFE at this time for this area.

Mr. Chacon testified that, even though the depths may be wrong on Exhibit 3, the AFE is correct. Mr. Chacon also confirmed that Newfield has only named the Mississippian and Woodford in its pooling. The Hunton is not part of the development plan for this section. The thickness of the Meramec is approximately 400 feet between 9,384 feet and 9,884 feet. Mr. Chacon also noted that there had been a change in the method of accounting for drilling time since the October 14 AFE, attached to the proposal letter. The October 14, 2014, AFE shows 33 days, which time frame includes mobilization time and includes days to run casing and cement same in addition to actual drilling days. The October 14 AFE counts days from rig release to rig release, whereas Exhibit 3, the January 23, 2015, AFE, shows only 20 days which time frame is from spud to total depth. Looking at the January 23, 2015, AFE from rig release to rig release the total time would be approximately 29 days.

Upon re-direct examination, Mr. Chacon corrected the depth shown on Exhibit 3 and noted that such AFE was actually based upon a TVD of 9,360 feet and a measured depth of 19,460 feet. Mr. Chacon reiterated that the drilling costs shown are a reasonable estimate of expected costs to drill this well.

4. **CODY BASS**, Petroleum Engineer, who specializes in completion operations and who has testified previously before the Commission, was called as Newfield's next witness. He testified that the estimated completion costs shown on Exhibit 3 are based upon actual, empirical data and recent reductions in third party services. After the completion of Mr. Bass's cross-examination, Newfield rested.

5. **ROB SHER**, Landman for Cimarex, who previously testified before the Commission as an expert landman and expert, petroleum engineer, was called as Cimarex's first witness. Mr. Sher testified that he came to work for Cimarex in December 2008 and has been working the Woodford asset and the Cana area since January 2010. Cimarex dismissed its spacing, location exception, and forced pooling applications for Section 12 because of notice issues in the spacing and no consent from Meadowbrook and because Cimarex was re-evaluating the need to drill a long lateral of approximately 10,000 feet, as is being proposed by Newfield. He believes that Cimarex needs to re-propose the well if they decide to go forward with drilling a 10,000 foot lateral. Cimarex takes seriously the bona fide effort rule and waits 10 days after sending out its proposal letter before filing its force pooling. He also testified that Cimarex was changing its mind about drilling a 10,000 foot lateral versus a 5,000 foot lateral because: (1) economic conditions with low oil prices, (2) they acquired additional acreage in Section 1 that should give them basis for being named operator in Section 1, and (3) the development pattern in 15N-9W for which Cimarex believes requires a Sections 1 and 12 multiunit lateral to fit that development pattern. Cimarex has been drilling Woodford wells for quite some time, they are concerned about wellbore interference and they are trying to determine what interference would occur between Meramec wells. Cimarex has not proposed a multiunit lateral in Section 1 and 12 because they are waiting for

Range Resources to plug and abandon an existing well in section 1 that would clear up title to 160 acres. Mr. Sher contends he is aware of other situations where Newfield has filed a pooling before 10 days has elapsed from the date of the proposal letter and, in support of such contention, tendered Exhibits 12, 13, 14, & 15 to which Newfield's objection was sustained. Mr. Reeves made an offer of proof that if Exhibits 12 thru 15 had been accepted, they would demonstrate two other examples where the Newfield proposal letter was received by Cimarex on or after the date that Newfield's pooling application was filed.

Mr. Sher acknowledged that he had conversations with Eric Weidemann at Newfield, wherein he advised that Cimarex would be filing a competing pooling application and that Cimarex would like to work something out to avoid a protest. Mr. Sher offered acreage trades to Newfield in an attempt to resolve Cimarex's protest. Mr. Sher had made an acreage trade proposal on January 15 involving multiple units but same was rejected by Newfield. He later called Eric Weidemann with another proposal regarding Sections 7 and 12, which proposal was also rejected by Newfield. Finally, Mr. Sher offered to split operations with Cimarex operating Section 7 and Newfield operating Section 12, which proposal was also rejected by Newfield. He testified he had received no counter-proposals from Newfield other than Eric saying "there's no opportunity to trade in section 12." This is when Mr. Sher learned that Newfield and Felix were discussing a possible trade of Newfield's Section 12 acreage.

Mr. Sher offered Exhibit 5 which is his opinion of the ownership in and around Section 12. According to Mr. Sher's ownership plat, Newfield owns 364 acres in Section 12 and Cimarex owns 136 acres, but Newfield owns 640 acres in Section 13. Exhibit 6 is a portion of a December 11, 2014, drilling title opinion prepared on behalf of Cimarex and accepted into evidence. This drilling title opinion is Mr. Sher's basis for the ownership in Section 12 shown on Exhibit 5. Mr. Sher then testified about the relationship between Devon and Cimarex in this area: they both participated in the QEP Acquisition on a 50%/50% basis and there is a contractual relationship between Devon and Cimarex, where Devon is to support Cimarex for operations. Mr. Sher next offered Exhibit 16, Operating Agreement dated January 15, 1980 between Gulf Oil Corporation and Ricks, which Mr. Sher contends supports and gives Cimarex contractual rights to operations in the NW/4 of section 12. Mr. Sher noted that if all parties under this Operating Agreement go non-consent, then Cimarex could own as much as 260 acres of working interest in the Section 12.

Mr. Sher has no objection to the provisions of the pooling order proposed by Mr. Weidemann, except that Cimarex would like to be joint interest billed for costs. Cimarex is willing to joint interest bill Newfield should Cimarex be operator. He also requested that well information be furnished in 3 to 4 days after receipt of same. Finally, he requested a notice of spud provision with parties be given notice of spud not earlier than 30 days prior to spud and given 10 days to actually elect whether they want to participate or take one of the other options. Because Cimarex believes that Newfield might convey its interests to Felix in Sections 12 and 13, Cimarex requests that, should Newfield sell its interests, that Cimarex be designated alternate operator. Mr. Sher believes that Cimarex should be named operator because (1) in looking at the well they want to drill in Sections 1 and 12, Cimarex believes it will have a larger working interest exposure; (2) Cimarex's development pattern is more in line with what Newfield has used to the East and is similar to the pattern that Cimarex plans in proposing extended lateral wells to the West in sections 2 and 11 and 4 and 9 where they own interest; (3) Cimarex has considerable experience in the Woodford and they have drilled some wells to the Meramec; (4) Cimarex believes they are a more equitable operator than Newfield, especially since Newfield did not propose this well before filing its pooling; (5) Cimarex has participated with Newfield and has had difficulty getting well information; (6) Newfield is difficult to enter into pre-pooling letter agreements, whereas Cimarex generally obtains pre-pooling letter agreements with other operators; therefore, Cimarex has a more transparent approach with its working interest partners; and (7) Cimarex does not believe Newfield has the intent to drill this well, but merely wants operations to maintain acreage value pending a trade with Felix.

Upon cross-examination, Mr. Sher admitted that Cimarex had not drilled any 10,000 foot laterals, but had only drilled one lateral that was close to 10,000 feet in the Meramec. He acknowledged that Cimarex has not proposed a multiunit lateral in Sections 1 and 12, has not filed a spacing for Section 1, and has not filed a multiunit lateral application concerning Sections 1 and 12. Mr. Sher admitted that, to date, there is not a single 10,000 foot Meramec lateral drilled in Township 15 North, Range 9 West, to establish a pattern, and admitted not all sections to the East are on this purported pattern that he says mandates drilling a multiunit lateral across Sections 1 and 12 instead of 12 and 13. He acknowledged that not all operators are sold on 10,000 foot laterals and because of different ownership and the fact that some sections have joint operating agreements, you cannot necessarily have the same pattern across an entire township. See examples of different well patterns on Exhibit 17. Mr. Sher acknowledged that Exhibit 5 is incorrect, insofar as the Newfield ownership. He agrees that, based upon the title opinion (Exhibit 6) that another 11 acres is now owned by Newfield giving them 375 acres. He also acknowledged that, based upon current ownership, Newfield owns approximately the same interest in a Section 1/Section 12 multiunit lateral as Cimarex, even though Newfield owns no interest, currently, in Section 1. Regarding Cimarex's request to be joint interest billed for drilling and completion costs, Mr. Sher admitted that he is not aware of a single Cimarex pooling order that contains such a provision. Further, he is not aware of any Corporation Commission pooling order requiring the operator to joint interest bill working interest partners. In regards to Cimarex's request that they be given a 30 day notice of spud, with a 10 day time period to elect whether they want to participate, Mr. Sher acknowledged that such request is inconsistent with Cimarex being committed to participate in Newfield's proposed multiunit horizontal well. He also acknowledges that, if the Commission grants such delayed election request, that the operator must make a decision now if it wants to drill the well and the operator must pay bonuses to parties that do not wish to participate but Cimarex can make its decision at a later date. Regarding Mr. Sher's reasons for the Commission to designate Cimarex as operator, he admitted that Cimarex does not currently have a multiunit well proposed in Sections 1 and 12, that Cimarex has not drilled any 10,000 foot Meramec wells, and that pre-pooling letter agreements are voluntary agreements; there is no requirement for any operator to enter into such agreements.

On re-direct examination, Mr. Sher stated that Cimarex is willing to elect within 20 days from the date of the order but Cimarex requests notice of spud no less than 30 days prior to spud with 10 days after receipt of such Notice of Spud in which to pay its share of costs. Mr. Sher reiterated his request that the application be dismissed because he does not believe that Newfield has complied with the OCC rule requiring bonafide efforts to make an agreement before filing their pooling. On re-cross examination, Mr. Sher acknowledged that, even if Cimarex had received a Newfield proposal letter 10 days before filing the pooling, Cimarex probably would have done nothing differently. Cimarex would not have accepted any of the offers in the letter, and would not have even accepted any of the offers contained in the Cimarex proposal letter dated October 23.

6. **BRAD CANTRELL**, a drilling and completions engineer for Cimarex, was called as Cimarex's second witness. Mr. Cantrell has not previously testified before the Commission. He has a Bachelor of Science Degree in Mechanical Engineering from the University of Oklahoma in 2011, and since 2011 has been a drilling and completion engineer with Cimarex. His job duties include writing AFEs for upcoming wells, engineering support for upcoming wells, planning wells, and completion design for wells. The Commission accepted his qualifications to testify as an expert petroleum engineer. He introduced Exhibit 20 as Cimarex's proposed AFE. Such AFE was prepared after receipt of Newfield's proposal and contemplates a multiunit well in Sections 1 and 12 having total vertical depth of 9,470 and measured depth of 19,460 feet. The Cimarex AFE dated January 26, 2015, has an estimated dry hole cost of $3,232,000 and estimated completed for production cost of $10,464,100. The AFE contemplates a fracture simulation job with 48 stages. He testified he looked at the offset data from wells drilled in 15N-9W, historical data, such as drilling days, and he obtained quotes from vendors for a frack job. He acknowledged that his AFE for Cimarex estimates 28 days from spud to TD versus Newfield's

20 days, but he believes that Cimarex can drill the well in 20 days which would lower the cost to approximately the same as Newfield's cost estimate. He believes that Cimarex has the ability and experience to drill this well because they have drilled approximately 256 wells in the Cana Woodford play of which 9 are Meramec wells. Cimarex has drilled 1 well having a lateral length of approximately 10,000 feet which was a multiunit lateral for the Woodford and has drilled 28 wells that have a lateral length of about 8,000 feet. He believes the drill time in the Meramec will be similar to the drill time in the Woodford.

On cross examination, Mr. Cantrell acknowledged that Cimarex has never drilled a 10,000 foot lateral in the Meramec, has never drilled a Meramec well with open hole for the entire well, and Cimarex's only 2 mile lateral well, the Bomhoff 1H-11X Well, took them 40 days to drill. Mr. Cantrell acknowledged that Cimarex has no evidence that it can drill a 19,460 foot measured depth well to the Meramec in 20 days because Cimarex has not drilled such a well, to date. He cannot give an example of a Cimarex operated Meramec well where they had used this 48 stage frack job.

7. **JOSHUA WILCOX**, Reservoir Engineer for Cimarex was called as Cimarex's third witness. Mr. Wilcox's qualifications as a Reservoir Engineer has been accepted by the Commission. His experience in the Cana area, Woodford play involves higher GOR wells versus the lower GOR wells in this area. Even though Cimarex has not drilled any long laterals to date in the Meramec, Cimarex has drilled some 5,000 foot laterals. Cimarex is now reviewing a plan on how to develop this area with 10,000 foot laterals to optimize economics, even though there is more risk to drill the longer laterals. Regarding Cimarex's overall plan, Mr. Wilcox acknowledges that Cimarex is still testing its idea and its geologic maps, as concerns 10,000 laterals. In response to a question about where Sections 1 and 12 fit in its overall plan, Mr. Wilcox stated that Cimarex was still evaluating the uplift of a 10,000 foot versus 5,000 foot lateral. Mr. Wilcox also said that fracture interference is a concern of Cimarex and, therefore, he believes that developing Sections 1 and 12 as a multiunit lateral will help minimize fracture interference. The reason not to stagger laterals is to limit hitting staggered laterals multiple times with fracture jobs.

On cross-examination, Mr. Wilcox acknowledged that Cimarex is not currently committed to drilling a 10,000 foot lateral in Sections 1 and 12. He acknowledges that the pattern of wells to the East and South is different than the pattern proposed by Cimarex in Sections 1 and 12. He is concerned about a staggered lateral in Sections 2 and 11, should Newfield drill 12 and 13, assuming a multiunit lateral well is ever drilled in Sections 2 and 11. He cannot guarantee a multiunit lateral will ever be drilled in Sections 2 and 11. Mr. Wilcox acknowledged that Cimarex does not call Newfield for a blessing as to what pattern they wanted to drill and he does not expect Newfield to call Cimarex for its blessing for which sections and patterns Cimarex wants to drill. Mr. Wilcox also acknowledged that to the West of Section 12 in the Western part of this township, the only wells proposed to date by Cimarex are in Sections 6 and 7 of 15N-9W and are single units, approximately 5,000 foot laterals, not 10,000 foot laterals.

Cimarex rested after the closing of Mr. Wilcox's testimony.

For rebuttal testimony, Newfield recalled Eric Weidemann. He testified that Newfield plans on drilling its proposed Pinkerton 1H-12X Well within the next 90 days and, Newfield has no plans or deal to sell its acreage in Section 12 to Felix.

After closing of all evidence, Cimarex renewed its motion to dismiss. The ALJ denies such renewed motion. The ALJ believes that Newfield should send out a proposal letter 10 days prior to filing a pooling, but here it appears that Newfield intended to timely send out a pre-pooling proposal letter, but the broker did not send it out timely. Only Devon, Cimarex, and Newfield are the remaining parties, and

it is obvious they are not going to make a deal. There are five respondents non-curative respondents left in the case and 3 of those are now Cimarex owned leases. Dismissal of this case will only delay the hearing for 3 or 4 weeks and is a waste of judicial resources and of the parties' resources.

CONCLUSIONS OF LAW

The ALJ finds that Newfield Exploration Mid-Continent, Inc. should be named operator. In ruling, the ALJ relies heavily upon Mr. Charles Nesbit's article on pooling orders and operations. Mr. Nesbitt emphasizes that the party owning the majority interest in the unit and incurring the most financial risk should, generally, be named operator. Here, we have 2 different scenarios. In Sections 12 and 13, where Newfield has already proposed and has obtained Commission approval for its multiunit lateral well, they own approximately 80%. Even if a multiunit were drilled in Sections 1 and 12, as now proposed by Cimarex, Newfield and Cimarex each own about the same amount of interest. Clearly, Newfield has the majority interest and has the largest financial risk in a multiunit well drilled across Sections 12 and 13 and Newfield will have approximately the same risk as Cimarex in a multiunit well drilled across Sections 1 and 12. The ALJ also takes into consideration that Newfield has much more experience in drilling 10,000 foot wells for the Meramec, Newfield has a nearby field office and that Newfield has a greater acreage position in this area. Though Cimarex and Newfield are long standing prudent operators, Newfield has substantially more experience and the upper hand in this area, having drilled more 10,000 foot laterals. Newfield's field office is located within 3 miles of this Unit. Cimarex is still trying to decide if 10,000 foot laterals are better economically. Therefore, Newfield should be named operator.

SPECIAL PROVISIONS

The ALJ finds that a notice of spud provision should be included wherein Newfield will give notice of spud no less than 30 days prior to actual spud and parties wishing to defer payment of completed well costs may pay their share of such costs within 10 days of receipt of such notice of spud. Regarding well information, Newfield will be required to provide data and well information to any parties who participate within 4 days of receipt of same.

ALTERNATE OPERATOR

The ALJ finds that Cimarex should have the option to become alternate operator if Newfield divests itself of all of its interests prior to drilling of the initial well. However, the ALJ's ruling does not prevent a new owner from seeking to modify the pooling order or seeking to be designated unit operator.

Thus, in light of the aforementioned conclusions, it is the recommendation of the ALJ that the Application of Newfield in CD No. 201407698-T be granted and Newfield should be named operator. Any order issuing out of the Cause should contain the recommendations of the ALJ set forth above.

Respectfully submitted this 16th day of April, 2014

Curtis M. Johnson

CURTIS M. JOHNSON,
Deputy Administrative Law Judge