

BEFORE THE CORPORATION COMMISSION  
OF THE STATE OF OKLAHOMA

**FILED**  
MAR 31 2011  
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CORPORATION COMMISSION  
OF OKLAHOMA

**APPLICANT:** UNIT PETROLEUM COMPANY )  
)  
**RELIEF SOUGHT:** DRILLING AND SPACING ) CAUSE CD NO.  
UNITS ) 201005126-T  
)  
**LEGAL DESCRIPTION:** SECTION 30, TOWNSHIP 2 )  
NORTH, RANGE 24 ECM, )  
BEAVER COUNTY, OKLAHOMA )

**APPLICANT:** UNIT PETROLEUM COMPANY )  
)  
**RELIEF SOUGHT:** WELL LOCATION EXCEPTION ) CAUSE CD NO.  
) 201005127-T  
)  
**LEGAL DESCRIPTION:** SECTION 30, TOWNSHIP 2 )  
NORTH, RANGE 24 ECM, )  
BEAVER COUNTY, OKLAHOMA )

**REPORT OF THE OIL AND GAS APPELLATE REFEREE**

These Causes came on for hearing before **Kathleen M. McKeown**, Administrative Law Judge for the Corporation Commission of the State of Oklahoma, on the 6<sup>th</sup> day of January, 2011, at 8:30 a.m. in the Commission's Courtroom, Kerr Building, Tulsa, Oklahoma, pursuant to notice given as required by law and the rules of the Commission for the purpose of taking testimony and reporting to the Commission.

**APPEARANCES:** **Ron Barnes**, attorney, appeared on behalf of applicants, Unit Petroleum Company ("Unit"); **Steven C. Allred**, 3304 Andover Drive, Bedford, Texas 76021, appeared Pro Se ("Allred"); and **Jim Hamilton**, Assistant General Counsel for the Conservation Division, filed notice of appearance.

The Administrative Law Judge ("ALJ") filed her Report of the Administrative Law Judge on the 21<sup>st</sup> day of January, 2011, to which a letter "RE: Petition for Appeal of Judgment 01-21-2011, Cause CD NO, 201005126-T

and Cause CD NO, 201005127-T" was sent by Allred post marked February 01, 2011 to "Corporation Commission Appeals."

Allred's letter was referred to **Patricia D. MacGuigan**, Oil and Gas Appellate Referee ("Referee"), on the 22nd day of March, 2011. After considering the record contained within these Causes, the Referee finds as follows:

### **STATEMENT OF THE CASE**

**ALLRED ATTEMPTS TO APPEAL** the ALJ's recommendation to grant the applications of Unit Petroleum Company in CD 201005126-T and CD 201005127-T. Unit seeks to establish 640-acre horizontal drilling and spacing units for the Douglas, Lansing-Kansas City, Marmaton, Atoka, Morrow and Chester Series formations underlying the subject lands and designating the legal location of a horizontal well completed in a conventional reservoir as no closer than 660 feet from the unit boundary. Unit requested an interim order issue allowing the drilling of a horizontal well in the Douglas, Lansing-Kansas City and Marmaton zones with an open hole completion interval in the Marmaton (the primary objective); the Atoka, Morrow and Chester Series were dismissed at the hearing from the location exception application. Allred is a respondent whose interest is under lease to Unit. Allred objects to the applications because of the potential for ground and air pollution that may occur as a result of the horizontal drilling operations.

### **ALLRED TAKES THE POSITION:**

(1) Allred states he has seen first-hand the irreversible destruction to people, children, and the land itself, that is going on around where he lives in the Fort Worth and Dallas area and the counties surrounding his property.

(2) The enclosed documentary DVD, "Gasland", not only speaks to destruction all around the country, but even to the very area where Allred lives. Allred notes one example is in Dish, Texas, just a few miles north of Fort Worth, Texas. Allred sincerely believes it is imperative because of the seriousness of the permission given to Unit to horizontal drill, that the ALJ decision be looked at one more time.

(3) Allred does officially protest, object, and deny permission to any and all drilling entities the right to horizontal drill and chemically frack in any of his properties or any nearby properties. The drilling and fracking now allowed because of changes to the law made by Vice President Dick Cheney and President Bush have caused a pandemic of poison water from the wells of all

farmers/ranchers and city folks alike, all across our great nation. Allred notes that people have seen the burning flames from the gases and poisons used in the fracking process coming from the faucets and water hoses clear across the nation. This water is not only killing our kids and ourselves, but it is making it impossible to water our livestock, our crops, and even our grazing grass. Our agriculture is being irreparably destroyed forever.

(4) The only two things we could depend on from our land was fresh clean air and fresh clean well and stream water. "These are the building blocks from which all life depends!!! And now your going to take that away! And once it has been taking away, it can never be replaced! It will be PERMANENT!!!. I beg of you, don't to kill my children, my farm, my livelihood, and the breadbasket of America!!!"

**THE ALJ FOUND:**

(1) Mr. Allred stated his concerns about the potential for irreversible pollution if the applications are granted but did not present any admissible expert testimony to controvert the Unit evidence .

(2) Unit presented uncontroverted expert testimony regarding the necessity for horizontal spacing and a location exception that would allow the most efficient and effective method for reserve recovery from the subject formations as they underlie the subject lands. Unit thus satisfied the Commission requirements for granting of a final spacing order and an interim location exception order.

(3) The subject formations underlie the captioned lands at the approximate depths listed in the spacing application and, based on area production, a successful horizontal well in the Marmaton should be drilled in Section 30 in order to prevent waste of the reserves and protect the correlative rights of the Section 30 owners. The final location of the horizontal well and assigned allowable will not be approved until a bottomhole survey is presented by Unit at the reopening date once the well has been drilled.

(4) The concerns of Mr. Allred are understandable. However, the Commission is charged with making a determination as to the establishment of spacing in order to designate size and shape of units as well as permitted locations of wells within such units. In the subject causes, Unit has complied with these Commission regulations through expert testimony and evidence specifically prepared by these experts to justify these applications; no expert testimony was presented to controvert any of the Unit testimony.

(5) The "Gasland" video submitted by Mr. Allred contains many statements by various parties; none of these parties were at the hearing to answer questions as to the statements made or the basis for these statements; therefore, the ALJ is unable to accept the video at face value as expert evidence that controverts the expert testimony presented by Unit at the hearing.

(6) On behalf of the Commission, the ALJ would like to thank Mr. Allred for participating in the hearing and raising his concerns in a timely, professional and courteous manner. It is the Commission's hope that the result in these causes will not discourage future participation in other hearings in which Allred may find himself involved.

(7) It is the recommendation of the ALJ that the applications of Unit Petroleum Company in CD 201005126-T and CD 201005127-T be granted. Any orders issuing out of these causes should contain the recommendations set forth above.

### **CONCLUSIONS**

**The Referee finds that the Appeal to the Report of the ALJ must be dismissed as it was not perfected (timely filed) pursuant to OCC-OAC 165:5-13-5(a)(2).**

1) OCC-OAC 165:5-13-5(a)(2) provides:

**Appeal to the report from the hearing on the merits.** Any person adversely affected by a report of an Administrative Law Judge from the hearing on the merits shall have ten (10) days in which to appeal the report to the Commission en banc. To perfect an appeal, a written appeal or exceptions must be filed within ten (10) days after filing of the Report of the Administrative Law Judge. The Appellant shall serve copies of the appeal and notice of hearing for the appeal to all parties of record and the Administrative Law Judge below. Such service shall be made not later than five (5) days after the expiration of the ten (10) day period for filing the appeal.

2) The ALJ's Report was filed on January 21, 2011. According to the above quoted rule January 31, 2011 would be the last day that an appeal could be filed Allred. OCC-OAC 165:5-13-5

3) OCC-OAC 165:5-1-4(j) states that documents submitted for filing must be addressed to the Court Clerk and all documents shall be deemed received upon the date file stamped by that office. OCC 165:5-1-6(a) provides:

(a) **Computation of time.** In computing any period of time prescribed by statute or by the rules of this Chapter, the day of the act, event, or default from which the designated period of time begins to run shall be omitted and the last day of the designated period shall be included, unless the last day falls on a Saturday, Sunday, or legal holiday or official agency closing, in which case the period is extended to include the next day which is not a Saturday, Sunday, or legal holiday or official agency closing.

4) The ALJ's Report was filed on January 21, 2011 and on the same date a copy of the Report of the ALJ and a standard letter was mailed to Allred. The standard letter stated:

This report will be filed as of the date of this letter with the Court Clerk's office. Under the provisions of OCC-OAC 165:5-13-5(a)(2), you will have ten days thereafter in which to file any exceptions and notice of hearing with the Court Clerk's office in Tulsa or Oklahoma City if you so desire.

5) In this particular instance Allred's letter (Exceptions to the ALJ's Report) was filed February 7, 2011 which was outside the time allowed by the rules. Attached to Allred's letter "R.E.: Petition for appeal of judgment, 01-21-2011, Cause CD No. 201005126-T and Cause CD No. 201005127-T" was a copy of his envelope with the addressor being "Steve Allred, 3304 Andover Dr., Bedford, TX 76021-2918" and the addressee being "Corporation Commission, Appeals, Cause No. 201005126-T and 201005127-T, P.O. Box 52000, Oklahoma City, OK 73152-2000." The U.S. postage/post mark on the envelope containing Allred's appeal documents was February 1, 2011, which is also outside the ten day period of time allowed by OCC-OAC 165:5-13-5(a)(2).

6) Further, OCC-OAC 165:5-13-5(b) concerns the contents of an appeal and states:

For purposes of (a)(2) of this Section, the written appeal shall specifically state the findings or portions of the report to which the person takes exception, and

in what respect the person alleges the findings and report to be in error.

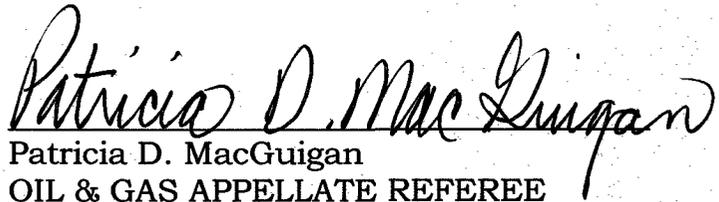
Allred's letter "Petition for Appeal of Judgment" concerning his appeal is not specific and merely states:

Do to the cataclysmic and irreversible destruction that the horizontal drilling could do to my property, I am appealing to you for additional consideration and judgment regarding letting Unit, or any other company, drill a horizontal well.

I have see first-hand the irreversible destruction to people, children, and the land itself, that is going on all around me where I live right now in the Ft. Worth and Dallas area and the counties surrounding us.

7) Therefore, the Referee finds that Allred's letter "Petition for Appeal of Judgment" was not timely filed. Thus, pursuant to OCC-OAC 165:5-13-4(c) "the Commission shall enter such order as shall be deemed appropriate upon consideration of the report."

**RESPECTFULLY SUBMITTED THIS 31 day of March, 2011.**

  
Patricia D. MacGuigan  
OIL & GAS APPELLATE REFEREE

PM:ac

xc: Commissioner Murphy  
Commissioner Cloud  
Commissioner Anthony  
Jim Hamilton  
ALJ Kathleen M. McKeown  
Ron Barnes  
Steven C. Allred  
Office of General Counsel  
Michael L. Decker, OAP Director  
Oil Law Records  
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