

**RAILROAD COMMISSION OF TEXAS  
OFFICE OF GENERAL COUNSEL  
HEARINGS SECTION**

**OIL & GAS DOCKET NO. 03-0248597**

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**APPLICATION OF ARO PARTNERS FOR APPROVAL OF A QUALIFIED SUBDIVISION  
PURSUANT TO STATEWIDE RULE 76 FOR A 512.8 ACRE TRACT OF LAND, HARRIS  
COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned proceeding was heard by the examiner on December 1, 2006. The proceeding having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following Findings of Fact and Conclusions of Law.

**FINDINGS OF FACT**

1. At least ten days notice was given to the applicant and owners of possessory mineral interests and mineral lessors in the proposed qualified subdivision. The ARO application for qualified subdivision approval is unopposed.
2. ARO Partners ("ARO") is the owner of the surface estate of all acreage in the proposed qualified subdivision. ARO thus has authority to represent, and does represent, all surface owners of land contained in the proposed qualified subdivision.
3. The proposed qualified subdivision is located in Harris County, Texas, a county having a population in excess of 400,000, and is located about 10 miles northeast of Katy, Texas.
4. The proposed qualified subdivision has been subdivided in a manner authorized by law by the surface owner for residential use. A General Subdivision Plan for the Deerbrook Subdivision, of which the proposed 512.8 acre qualified subdivision is a part, has received the approval of the Planning Commission of the City of Houston, Texas.
5. The proposed qualified subdivision contains 512.8 acres, including clustered operations sites providing an operations site of at least two acres for each separate 80 acres within the qualified subdivision, which the possessory mineral interest owners may use to explore for and produce minerals. A legal description of the 512.8 acre qualified subdivision is attached to this Final Order as Appendix 1 and incorporated into this finding by reference. A plat of the proposed qualified subdivision, including the proposed operations sites and road and pipeline easements, is attached to this Final Order as Appendix 2 and incorporated into this finding by reference.

6. The proposed qualified subdivision plat contains provisions for road and pipeline easements to allow use of the proposed operations sites.
7. The area within 2.5 miles of the proposed qualified subdivision has been developed for minerals.
  - a. Commission recognized fields within the 2.5 mile area of review are the Delhi, NE (6700), Delhi, NE (6750), Delhi, NE (6900), Delhi, NE (7650), Delhi, N.W. (First Wilcox), Delhi, North, Delhi, North (6300), Delhi, North (6400), Delhi, North (6700 Katy), Delhi, North (7000), Delhi, North (7200 Lower, Yegua), Delhi, North (Tucker Sand), Delhi, North (First Wilcox), Joyce Richardson, Katy (II-A L), Katy (II-A U), and Katy, East (Wilcox 10300) Fields.
  - b. Ten wells drilled on the proposed qualified subdivision were completed in the Delhi, North, Delhi, North (7000), Delhi, North (7200 Lower, Yegua), Delhi, North (Tucker Sand) or Delhi, North (First Wilcox) Fields.
  - c. The predominant geological horizon in the 2.5 mile area of review has been the Yegua, with some production from the Wilcox.
  - d. A total of 102 wells have been drilled within the 2.5 mile area of review, including 10 on the proposed qualified subdivision. Of these, only 3 currently are producing, 2 of which are on the proposed qualified subdivision.
  - e. Of the ten wells drilled on the proposed qualified subdivision, 6 have been plugged and abandoned. Of the four wells on the proposed qualified subdivision which are still on the Commission's proration schedule, two are currently producing, the MSE Operating Corp. Rorick, David "A" (15440) Lease, Well No. 1 and the Chaparral Energy, LLC Rorick (15488) Lease, Well No. 1, one is an injection well, the MSE Operating Corp. Rorick, David, Jr. "B" (17154) Lease, Well No. 3, and one is shut in with a Statewide Rule 14(b)(2) plugging extension, the MSE Operating Corp. Rorick, David, Jr., "B" (17154) Lease, Well No. 1.
  - f. The four wells on the proposed qualified subdivision that are still on the Commission's proration schedule are in the Delhi, North Field, which has 660'/1320' well spacing and 40 acre proration units.
8. The proposed operations sites and road and pipeline easements are adequate to ensure that any mineral resources under the proposed qualified subdivision may be fully and effectively exploited.

- a. ARO designed the proposed operations sites and road and pipeline easements after consultation with the two operators of wells on the qualified subdivision.
  - b. The proposed operations sites accommodate the locations of the four wells on the proposed qualified subdivision that are still on the Commission's proration schedule.
  - c. The proposed operations sites provide for adequate areas for turn around, rig machinery, pipe racks, derrick raising clearance, and reserve pits.
  - d. The proposed operations sites will accommodate future directional drilling, if necessary to access deeper horizons. Directional wells have been drilled in the 2.5 mile area of review, and future directional drilling on the proposed qualified subdivision from the proposed operations sites to access deeper horizons will be feasible, both mechanically and economically.
9. ARO has waived the issuance of an examiner's proposal for decision in this docket.
  10. All parties have agreed on the record that this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

**CONCLUSIONS OF LAW**

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. The application of ARO Partners for Commission approval of its proposed qualified subdivision meets the requirements of Texas Natural Resources Code, Chapter 92, and Statewide Rule 76 [16 TEX. ADMIN. CODE §3.76].
4. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the consent of all parties, this Final Order is effective when a Master Order relating to this Final Order is signed on December 19, 2006.

**IT IS THEREFORE ORDERED** that the application of ARO Partners for approval of a qualified subdivision containing 512.8 acres of land in the H & T. C. R.R. Co. Survey, Section 31 (A-446) and Section 48 (A-1387), Harris County, Texas, with operations sites and easements, as more particularly described in Appendices 1-2, incorporated herein for all purposes, is hereby **APPROVED**.

It is further **ORDERED** that this Final Order is effective on December 19, 2006, when the Master Order relating to this Final Order is signed.

All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 19th day of December 2006, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated  
December 19, 2006)**