

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

**OIL & GAS DOCKET NO. 09-0274954**

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**APPLICATION OF MELVIN K. AND W.J. HORANY AND AZTEC ENERGY LLC PURSUANT TO 16 TEX. ADMIN. CODE § 3.38(d)(3) FOR DISSOLUTION OF THE EAST IOWA PARK UNIT, K-M-A FIELD, WICHITA COUNTY, TEXAS**

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**FINAL ORDER**

This proceeding was duly submitted to the Railroad Commission of Texas at conference held at its offices in Austin, Texas. The Commission makes the following Findings of Fact and Conclusions of Law.

**FINDINGS OF FACT**

1. A Royalty Owners Agreement signed in 1963 unitized 10 tracts to create the East Iowa Park Unit, which is identified in Commission records as the East Iowa Park Unit (15379), K-M-A Field, Wichita County, Texas.
2. On February 13, 2012, Melvin K. and W.J. Horany and Aztec Energy LLC filed an application seeking the Commission's approval to dissolve the East Iowa Park Unit.
3. The Commission gave notice of the application to the mineral interest owners for which the applicant provided mailing addresses. The applicant published notice of its application once per week for four consecutive weeks in the Iowa Park Leader, a newspaper of general circulation in Wichita County, Texas.
4. The Commission did not receive any protest to the application.
5. The East Iowa Park Unit has terminated.
  - a. Production for this unit was last reported to the Commission in October 2007.
  - b. The Royalty Owners Agreement provided that the term of the agreement would be for so long as unitized substances are produced in paying quantities or operations for the discovery, development, or production of unitized substances are conducted with no cessation of more than 90 consecutive days.
6. The Commission accepted the East Iowa Park Unit, the unit has produced hydrocarbons in the 20 years preceding the application, and dissolution will result

- in two tracts composed of substandard acreage for the K-M-A Field from which the unit produced.
- a. The field rules for the K-M-A Field provide for density of 20 acres.
  - b. Dissolution would result in a 12.09-acre tract and a 10.62-acre tract.
7. Mevlin K. Horany does not own or lease either of the substandard-acreage tracts. Horany owns the approximately 60 mineral acres composing tract 7, on which Well Nos. 8 and 9 of the East Iowa Park Unit are located.
  8. Horany is the managing member of Aztec Energy LLC.
  9. The current operator of record of the East Iowa Park Unit is Texas Energy Operations LC.
  10. Aztec Energy LLC plans to file a Form P-6 to subdivide Well Nos. 8 and 9 out of the East Iowa Park Unit and a Form P-4 to change the operator of these wells from Texas Energy Operations LC to Aztec Energy LLC.
  11. Dissolution of the East Iowa Park Unit by Commission order is required before Aztec's contemplated Form P-6 application to subdivide and the Form P-4 application to change operator could be processed.
  12. There is no evidence that dissolution of the East Iowa Park Unit will result in circumvention of the density provisions of Statewide Rule 38 or any other Commission rule.

CONCLUSIONS OF LAW

1. Proper notice of the application was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. The application of Horany and Aztec meets the requirements of Statewide Rule 38(d)(3) [16 Tex. Admin. Code § 3.38(d)(3)] for dissolution of the East Iowa Park Unit.
4. Approval of the dissolution of the East Iowa Park Unit with the rules of the Commission applicable to each separate tract will not circumvent the density restrictions of Statewide Rule 38 or any other Commission rule.

Therefore, it is **ORDERED** that the application of Horany and Aztec is **GRANTED** approval, and the East Iowa Park Unit, K-M-A Field, Wichita County, Texas, is hereby dissolved, with the rules of the Commission applicable to each separate tract.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to Tex. Govt. Code § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date the parties are notified of the order.

Done this 26<sup>th</sup> day of June 2012.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed  
by OGC Unprotested Master Order dated  
June 26, 2012)**