

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0288416

APPLICATION OF OAK VALLEY OPERATING, LLC PURSUANT TO STATEWIDE RULE 38 (d)(3) FOR DISSOLUTION OF THE NEWTONVILLE EAST UNIT, WELL NO. 1H, EAGLEVILLE (EAGLE FORD-1) FIELD, GONZALES COUNTY, TEXAS.

FINAL ORDER

The Commission finds that after statutory notice the captioned proceeding was heard by the examiners on July 31, 2014. 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 affected mineral interest owners by first-class mail. Notice was also published once a week for four consecutive weeks on June 27, July 4, July 11 and July 18, 2014 in the Gonzales Inquirer, a newspaper of general circulation in Gonzales County.
2. The 714.09-acre Newtonville East Unit was formed by Southern Bay Operating, LLC (as a subsidiary of Halcon Resources, LLC) by Form P-12 and Form W-1 submitted to the Commission dated November 16, 2012. A drilling permit was issued on November 20, 2012 (see Attachment I).
3. The Newtonville East Unit consisted of 13 tracts ranging from 140.56 acres to 8.09 acres, aggregating 714.09 acres.
4. The former Management Team of Southern Bay Operating, LLC, now in the form of Oak Valley Operating, LLC, reacquired the rights to the Newtonville East Unit, Well No. 1H from Halcon Resources, LLC in July 2012.
5. Under Halcon Operating, LLC, the Newtonville East Unit, Well No. 1H was drilled in a northwest-southeast orientation in a diagonal across the Newtonville East Unit, limiting further development of horizontal wells aligned in the preferred north-south orientation. Further wells drilled in a north-south orientation within the unit would necessarily be short, and possibly uneconomical.
6. Oak Valley Operating, LLC seeks to dissolve the 714.09-acre Newtonville East Unit in order

to form units that will enable horizontal drilling in the preferred north-south orientation. The existing Well No. 1H will cause a few wells to the south to be drilled parallel in the northwest-southeast orientation (see Attachment II).

7. Dissolution of the former 714.09-acre Newtonville East Unit will return all tracts in the unit to their former size and shape. Field rules for the Eagleville (Eagle Ford-1) Field require 80 acre units with optional 40 acre units.
8. The hearing in the docket was protested by Pinkie Sampleton, owner of a NPRI (non participating royalty interest) in the unit. Ms. Sampleton withdrew her protest on August 25, 2014. The application is now unprotested.
9. Dissolution of the 714.09-acre Newtonville East Unit is intended to promote mineral development of the surrounding acreage through the drilling of horizontal wells.
10. There is no evidence that dissolution of the 714.09-acre Newtonville East Unit will result in the circumvention of the density provisions of Statewide Rule 38 or any other Commission rule.

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 Oak Valley Operating, LLC for Commission approval of the dissolution of the 714.09-acre Newtonville East Unit into its component tracts meets the requirements of Commission Statewide Rule 38(d)(3).

IT IS THEREFORE ORDERED that the application of Oak Valley Operating, LLC for dissolution of the 714.09-acre Newtonville East Unit pursuant to the provisions of Statewide Rule 38(d)(3) is hereby **APPROVED**.

It is further **ORDERED** that this Final Order is effective on November 13, 2014 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.

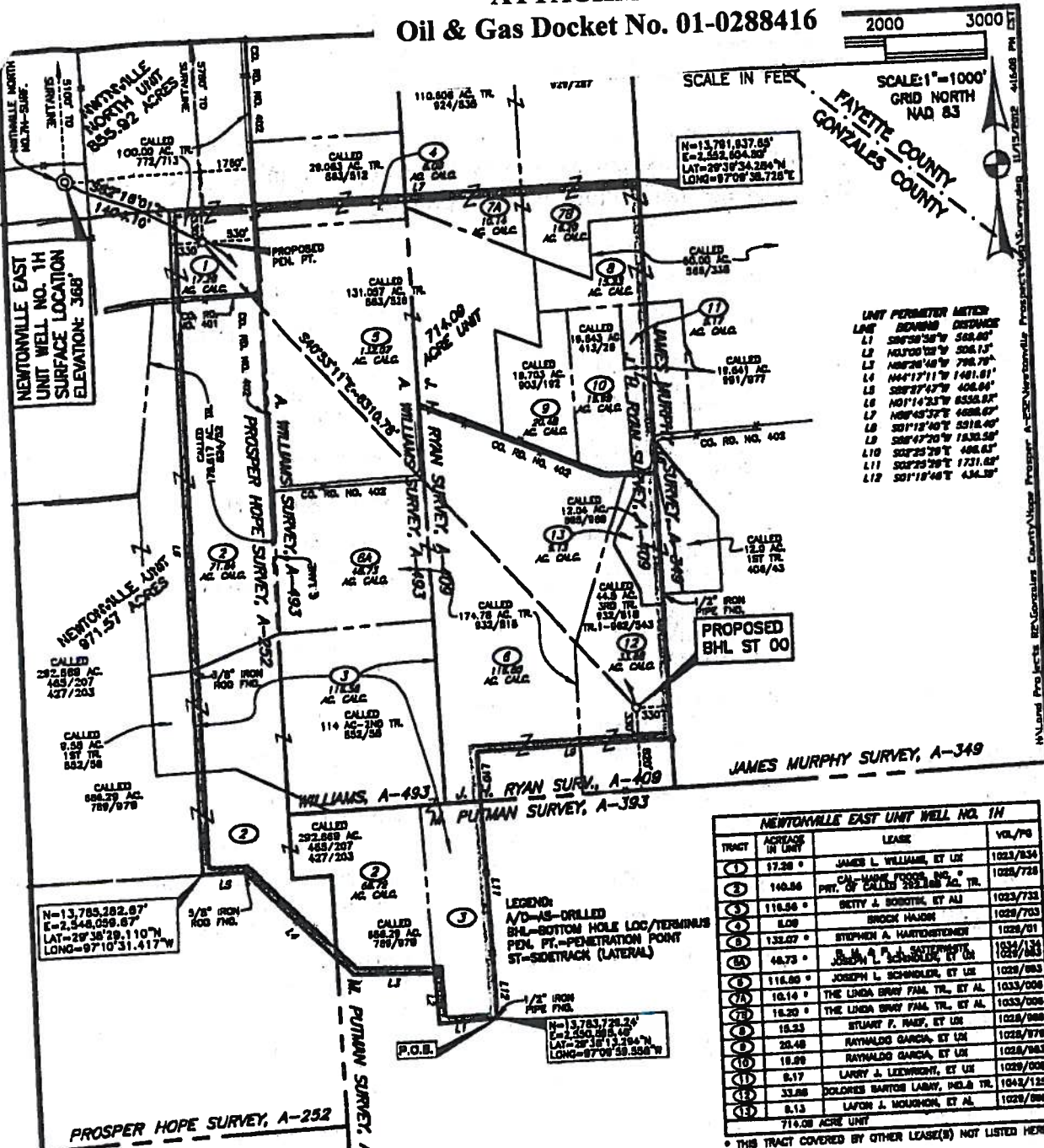
Done this 13th day of November, 2014, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearing Division's Unprotected Master Order dated
November 13, 2014)**

ATTACHMENT I

Oil & Gas Docket No. 01-0288416



TRACT	ACREAGE IN UNIT	LEASE	VOL./PG
1	17.28	JAMES L. WILLIAMS, ET UX	1023/834
2	140.86	CH. MADE FOODS, INC. • PRT. OF CALLED 282,888 AC. TR.	1028/728
3	118.56	BETTY J. BOBOTH, ET AL	1023/733
4	8.00	BROCK HANSON	1028/703
5	132.07	STEPHEN A. HARTIGSTEINER	1028/811
6	48.73	JOHN J. SATTERWHITE, JR., ET AL	1034/134 1028/883
7	116.80	JOSEPH L. SCHINDLER, ET UX	1028/883
7A	10.14	THE LINDA BRAY FINE TR., ET AL	1033/008
7B	18.20	THE LINDA BRAY FINE TR., ET AL	1033/008
8	15.33	STUART F. RAFF, ET UX	1028/108
9	23.48	RAYNALDO GARCIA, ET UX	1028/878
10	18.89	RAYNALDO GARCIA, ET UX	1028/883
11	8.17	LARRY J. LEONWRIGHT, ET UX	1028/008
12	33.88	DOLORES BARTOS LABAY, HOLD. TR.	1042/123
13	8.13	LAVON J. MOURNION, ET AL	1028/008

* THIS TRACT COVERED BY OTHER LEASE(S) NOT LISTED HERE

NOTES:

- BEARINGS BASED ON GRID NORTH (NAD 83), TX. SOUTH CENTRAL ZONE. COORDINATES ARE GRID-U.S. SURVEY FEET. DISTANCES AND ACREAGES ARE SURFACE.
- WELL LOCATED N89°32'E-16.81 MILES FROM GONZALES, TEXAS (COUNTY SEAT).
- INDICATES LIMITS OF UNIT.
- SURF. LOC. POSITION:**
 NORTHING(Y) = 13,782,188.78'
 EASTING(X) = 2,341,012.29'
 LAT = 29°37'37.518"N
 LONG = 97°10'42.071"W

PROP. PEN. PT. POSITION:
 NORTHING(Y) = 13,781,813.44'
 EASTING(X) = 2,342,354.92'
 LAT = 29°37'36.799"N
 LONG = 97°10'28.102"W

PROP. BHL ST 00 POSITION:
 NORTHING(Y) = 13,786,743.09'
 EASTING(X) = 2,352,388.18'
 LAT = 29°38'42.887"N
 LONG = 97°09'42.141"W

*ELEV. TAKEN ON TOP OF EXIST. PAD
 GRID-NAD 83, TX. SOUTH CENT. ZONE-U.S. SURVEY
 FEET DERIVED FROM GPS STATIC OBSERVATIONS.
 ACCURACY-0.3'

SURF. TO PROP. PEN. PT. =
 S82°18'01"E-1404.10'
PROP. PEN. PT. TO PROP. BHL ST 00 =
 S40°53'11"E-6310.78'

WELL LOCATION PLAT
714.09 ACRE UNIT
NEWTONVILLE EAST
UNIT WELL NO. 1H

SOUTHERN BAY OPERATING, LLC
PROSPER HOPE SURVEY, A-252
ALEX WILLIAMS SURVEY, A-493
J. H. RYAN SURVEY, A-409
M. PUTMAN SURVEY, A-393
GONZALES COUNTY, TEXAS
SCALE: 1"=1000' NOVEMBER, 2012

THIS PLAT IS TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE.
 WELL LOCATION PLAT PREPARED: NOVEMBER, 2012

[Signature]
 BY: S. M. KLING

ATTACHMENT II
Oil & Gas Docket No. 01-0288416

