

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 08-0302755

THE APPLICATION OF COLGATE OPERATING, LLC PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE FORMATION OF A POOLED UNIT FOR THE CANTALOUPE MIPA UNIT, WELL NO. 1H, PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned proceeding was heard by an Administrative Law Judge and Technical Examiner (collectively, "Examiners") on January 17, 2017. The Commission further finds that the Examiners have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** that the application of Colgate Operating, LLC for the formation of a pooled unit pursuant to the Mineral Interest Pooling Act for the proposed Cantaloupe MIPA Unit, Well No. 1H, Phantom (Wolfcamp) Field, Reeves County, Texas, is hereby **GRANTED** to the extent, and subject to the terms and conditions, set forth in this order.

All interests, including working interests, royalty interests, and unleased mineral interests, in tracts within the area depicted in "Appendix 1" to this Final Order are pooled into the Cantaloupe MIPA Unit, Well No. 1H, Phantom (Wolfcamp) Field, Reeves County, Texas, the boundaries of which are shown in "Appendix 1" and are described in "Appendix 1A" to this Final Order. These interests are pooled into a proration unit for the drilling of a horizontal well in the Phantom (Wolfcamp) Field at the approximate location shown on "Appendix 1" to this Final Order. All interests in tracts within the unit area shown in "Appendix 1" and described in "Appendix 1A" are pooled subject to the following terms and conditions:

TERMS AND CONDITIONS

1. The name of the unit is the Colgate Operating, LLC Cantaloupe MIPA 1H Unit ("1H MIPA Unit").
2. The operator of the 1H MIPA Unit is Colgate Operating, LLC.

3. The unit well is the well depicted on "Appendix 1" to this Order.
4. The 1H MIPA Unit shall be effective on the date this order becomes administratively final.
5. The 1H MIPA Unit is established for and limited to the depth interval correlative with the Phantom (Wolfcamp) Field.
6. For the purpose of determining the portion of production owned by the persons owning interests in the 1H MIPA Unit, the production shall be allocated to the respective unleased tracts and voluntary pooled units within the 1H MIPA Unit in the proportion that the number of surface acres of each bears to the number of surface acres included in the entire 1H MIPA Unit.
7. The interests of lessors in voluntary pooled units within the 1H MIPA Unit are pooled as royalty interests. The interests of Colgate Operating, LLC within the 1H MIPA Unit are pooled as working interests.
8. The mineral interests of owners of all unleased tracts within the 1H MIPA Unit are pooled as owners of a 1/4th royalty interest and a 3/4ths working interest, proportionately reduced. These owners' share of expenses, subject to a 50 percent charge for risk, is payable only from 3/4ths of production and not from their entire mineral interest.
9. The operator shall make no surface use of the unleased tracts within the 1H MIPA Unit without the written consent of the unleased owner.
10. Colgate Operating, LLC shall make a diligent effort to determine current addresses for all interest owners in the 1H MIPA Unit. Except as herein provided, payment of the appropriate pro rata share of the proceeds of production of the 1H MIPA Unit well shall be made, according to the terms of this Final Order, to each such interest owner for whom a current address and good title has been determined. The pro rata share of proceeds of production for any interest owner for whom a current address cannot be determined, or who declines to execute a division order in the form prescribed by Texas Natural Resources Code § 91.402, shall be held in escrow for the benefit of such owners and be subject to disposition in the manner provided by law.
11. The working interest owners shall adopt a joint operating agreement substantially in the form of the AAPL Form Joint Operation Agreement, which shall not include any provision prohibited by the Mineral Interest Pooling Act or contravene any provision of this final order.

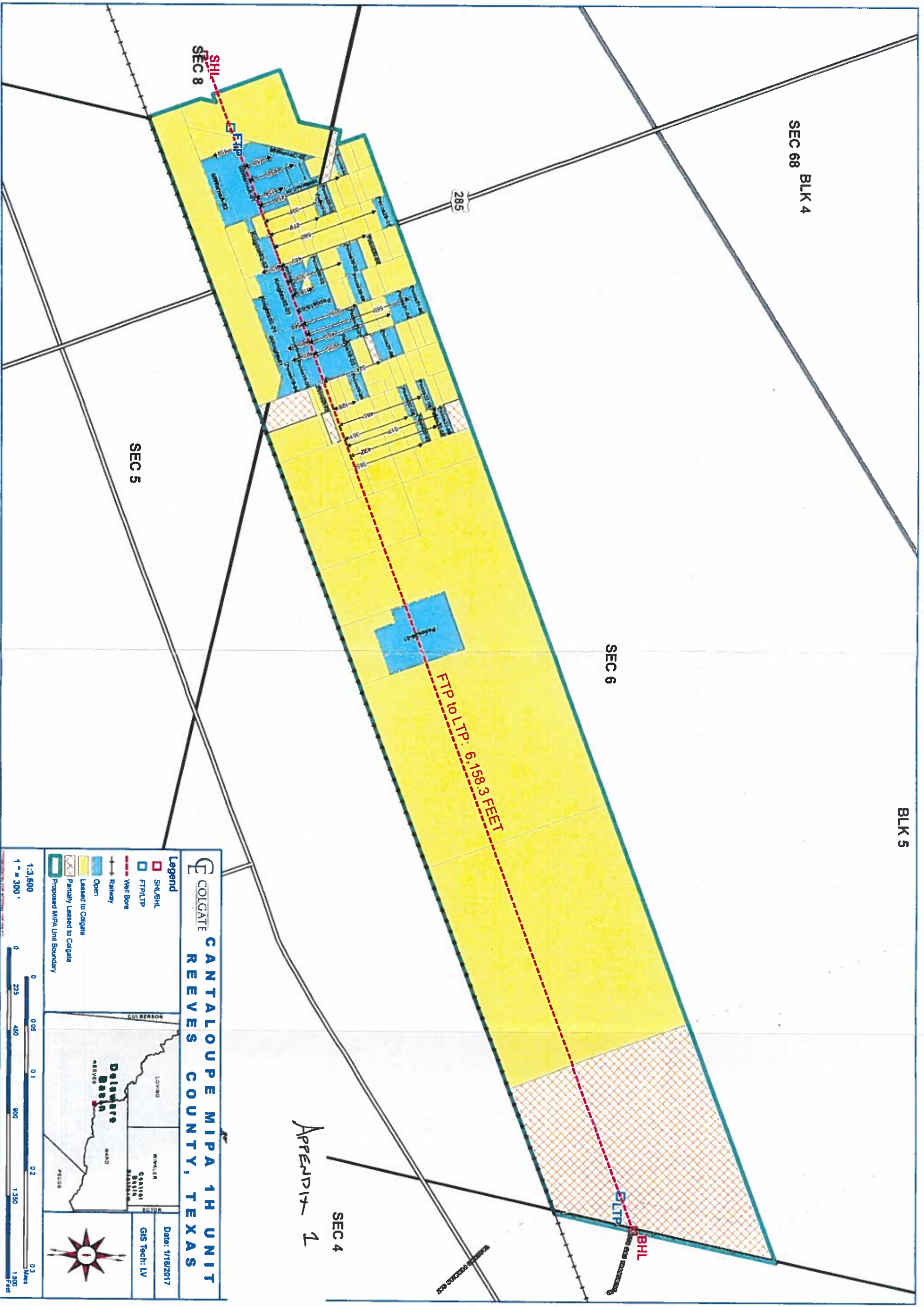
All requested findings of fact and conclusions of law not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or not granted herein are denied.

RAILROAD COMMISSION OF TEXAS

ENTERED in Austin, Texas, on this 25th day of April, 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Divisions' Unprotected
Master Order dated April 25, 2017)**



SEC 68 BLK 4

BLK 5

SEC 6

285

SEC 8

SEC 5

FTP to LTP: 6,158.3 FEET

SEC 4

Appendix 1

COLGATE
CANTALOUPE MIPA 1H UNIT
REEVES COUNTY, TEXAS

Date: 1/16/2017
 GIS Tech: LV

Legend

- SHL/BHL
- FTP/LTP
- Well Bore
- Railway
- Open
- Leased to Colgate
- Partially Leased to Colgate
- Proposed MIPA Unit Boundary

1:3,500
 1" = 300'

0 0.05 0.1 0.2 0.3
 0 225 450 900 1,350 1,800
 Miles Feet

CULBERSON
 LOVARD
 WINKLER
 SANTIAGO
 DELAWARE
 REEVES
 WARD
 PECOS

North Arrow

Tony Trujillo Land Surveying, Inc.
310 South Willow
Pecos, Texas, 79772
432-445-7245 home, 432-448-8061 cell
432-445-7326 fax
TBPLS Firm Registration No. 10013500
ttsurvey@windstream.net

**FIELD NOTES
(METES AND BOUNDS DESCRIPTION)**

FIELD NOTES DESCRIBING A 157.49 GRID, (157.56 SURFACE) ACRES TRACT OF LAND "CANTALOUPE MIPA 1 H UNIT", OUT OF SECTIONS 5, ABSTRACT NO. 424, 6 ABSTRACT NO. 60 AND 8 ABSTRACT NO. 929, BLOCK 5, H. & G.N. RAILROAD COMPANY SURVEY, IN THE TOWN OF PECOS CITY, REEVES COUNTY, TEXAS, SAID 157.49 GRID (157.56 SURFACE) ACRES TRACT OF LAND MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

Commencing at a point, at the Westernmost common corner of said Sections 8 and 6, Block 5, H. & G.N. Railroad Company Survey, Reeves County, Texas, on the Southeast line of Section 68, Abstract 3259, Block 4, H. & G.N. Railroad Company Survey, Reeves County Texas, whence a point at the intersection of the centerline of the old West Valley Canal and said Section line, bears N 58°07'53" E 270.83 feet (called 270.83 feet), and a 3/4 inch galvanized iron pipe, recovered at the Southwest corner of said Section 68, bears S 58°07'53" W 1599.90 feet,

Thence S 77°09'23" E 2138.22 feet, along the common line of said Sections 8 and 6, to the Southwest corner of a 0.567 acres tract of land out of Warn's Knight Subdivision, to the Town of Pecos City, Reeves County, Texas, plat recorded in Volume 1, Page 1, of the Reeves County, Texas, for **The True Point of Beginning** of this tract;

Thence N 13°01'06" E 64.50 feet, along the West line of said 0.567 acres tract, to the Northwest corner of said 0.567 acres tract, for a corner of this tract;

Thence S 77°09'23" E 56.09 feet, along the North line of said 0.567 acres tract, and the Southeast line of Block 28, North Pecos Addition, to the Town of Pecos City, Reeves County, Texas, plat recorded in Volume 1, Page 4, of the Reeves County, Texas Plat records, for an interior corner of this tract;

Thence N 20°14'09" W 132.70 feet, along the centerline of the existing alley of said Block 28, to a point on the center line of C Street of said North Pecos Addition, for a corner of this tract:

Thence N 69°42'27" E 6518.55 feet, parallel to the centerline of the Texas Pacific Rail Road, to a point, on the common line of said Section 6 and Section 4, of said Block 5, for the Northeast corner of this tract,

Thence S 12°51'46" W 1254.19 feet, along said common Section line, to a point on the Texas and Pacific Railroad centerline, whence a concrete monument, 3 feet tall, recovered at the Southeast corner of Section 10, Block 5, bears S 12°51'40" W 7771.85 feet, for the Southeast corner of this tract;

Thence S 69°42'27" W 6308.66 feet, along said Railroad centerline, to a point at the intersection of said centerline and the East right of way line of Elm Street, for the Southwest corner of this tract;

Thence N 20°14'09" W 295.66 feet, along said East right of way line and the Southwest line of a 2.90 acres tract of land described in Volume 146, Page 376, of said deed records for a corner of this tract;

Thence N 13°01'06" E 83.14 feet, along the Southwest line of said 2.90 acres tract, to the Southeast corner of a 1.50 acres tract, described in Volume 71, Page 147 of said deed records, for a corner of this tract;

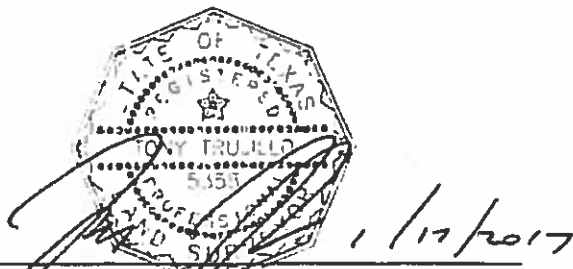
Thence S 69°35'37" W 45.59 feet, along the South line of said 1.50 acres tract, to a point, for a corner of this tract;

Thence N 20°14'09" W 383.00 feet, along the West line of said 1.50 acres tract and said East right of way line, to a point, for a corner of this tract;

Thence N 69°42'27" E 296.84 feet, along the North line of said 1.50 acres tract, to a point on the Southwest line of said 2.90 acres tract, for a corner of this tract;

Thence N 13°01'06" E 174.69 feet, along the Southwest line of said 2.90 acres tract to, **The Point of Beginning** containing 157.49 Grid (157.56 Surface) acres of land more or less.

Bearings and Distances are Grid, TXSPCS, TXC, NAD 83, to convert Bearings to True, rotate by a theta of -1°38'11", to convert Distance and Areas to Ground, divided by a combined factor of 0.99978347. To convert Areas to Ground, divide by a combined factor of 0.99978347 squared.



Tony Trujillo, RPS, State of Texas, No. 5358.
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**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

HEARINGS DIVISIONS' UNPROTESTED MASTER ORDER

APRIL 25, 2017

At a public conference held at its offices in Austin, Texas, the Commission finds that after statutory notice, the below referenced proceedings were heard by the examiners and that no party appeared in protest to the requested relief. The Final Orders for each of the below referenced dockets are incorporated by reference into this order, and by signing this Master Order, the Commission approves each of the Final Orders and adopts the provisions contained therein.

ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Field Rules</u>				
19.	01-0303144 (Brian Fancher and Jennifer Cook)	CML Exploration, LLC	Pena Creek (Georgetown) Field, Dimmit and Zavala Counties, Texas	Adopt temporary field rules
20.	8A-0296051 (Richard Eyster and Terry Johnson) <i>Order Nunc Pro Tunc</i>	Walsh Petroleum, Inc.	Brahoney Field, Yoakum County, Texas	Amend field rules
<u>Unitization and Secondary Recovery Authority</u>				
21.	8A-0303169 (Karl Caldwell and Clayton Hoover)	Estancia Oil & Gas, LLC	Amended Blackard Unit, Blackard (Spraberry) Field, Borden County, Texas	Approve unitization and Secondary recovery authority

HEARINGS DIVISIONS' UNPROTESTED MASTER ORDER
 APRIL 25, 2017 CONFERENCE
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ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Statewide Rule 21</u>				
22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38.	03-0303454, 03-0303455, 03-0303456, 03-0303457, 03-0303459, 03-0303460, 03-0303461, 03-0303462, 03-0303463, 03-0303465, 03-0303466, 03-0303467, 03-0303468, 03-0303469, 03-0303470, 03-0303471, 03-0303472	Riley Exploration OPG Co. LLC (712153)	Various Wells, Serbin (Taylor Sand) Field, Bastrop and Lee Counties, Texas	Approve Statewide Rule 21 Exception
(Clayton Hoover and Peggy Laird)				
<u>Statewide Rule 32</u>				
39.	01-0303151 (Richard Eyster and Clayton Hoover)	EP Energy E&P Company, L.P.	Eleven Central Processing Facilities Eagleville (Eagle Ford-1) Field, La Salle County, Texas	Approve 2 year Statewide Rule 32 Exception
<u>Statewide Rule 105 – Sour Gas Pipeline</u>				
40.	01-0303538 (Brian Fancher)	CML Exploration, LLC	Zavala Amine Plant, Pena Creek Field, Zavala and Dimmit Counties, Texas	Approve sour gas pipeline application
<u>Good Faith Claim Complaint</u>				
41.	03-0303698 (Jennifer Cook)	Enervest Operating, L.L.C. (252131)	Cedar Creek "A" Amarado Unit (21894) Lease, Well No. 1, Giddings (Austin Chalk-3) Field, Fayette County, Texas	Respondent is ordered to plug well and place lease in compliance
42.	06-0303697 (Clayton Hoover)	KNT Enterprises LLC (473440)	Lewis Qualls (Drilling Permit No. 785381) Lease, Well No. 4, Huntington Field, Angelina County, Texas	Dismiss the complaint

HEARINGS DIVISIONS' UNPROTESTED MASTER ORDER
 APRIL 25, 2017 CONFERENCE
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ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Good Faith Claim Complaint (Continued)</u>				
43.	06-0303175 (Ryan Lammert)	McKnight, C. (551650)	Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, Cass and Marion Counties, Texas	Cancel plugging extension and Respondent is ordered to plug and place in compliance
44.	08-0303442 (Clayton Hoover)	Walbet, Inc (891734)	Blackmon-Scharff (04769) Lease, Well Nos. 9 and 19, Pecos Valley (High Gravity) Field, Pecos County, Texas	Dismiss the complaint
<u>Single Signature Form P-4</u>				
45.	8A-0303717 (Clayton Hoover)	MNA Enterprises LTD. Co. (571988)	Cone (68487) Lease, Well No. 1d, Landon, East (Dev) Field, Cochran County, Texas	Approve P-4 Change of Operator from Siana Oil & Gas (779259) to MNA Enterprises Ltd. Co.
46.	8A-0303718 (Clayton Hoover)	MNA Enterprises LTD. Co. (571988)	Daniel (67511) Lease, Well No. 1, Landon, East (Dev) Field, Cochran County, Texas	Approve P-4 Change of Operator from Siana Oil & Gas (779259) to MNA Enterprises Ltd. Co.
47.	02-0303437 (Jennifer Cook)	Acock/Anaqua Operating Co., LP (003599)	Scanio/Shelton (RRC Gas ID No. 250577) Lease, Well No. 11, Mission River (8400) Field, Refugio County, Texas	Approve P-4 Change of Operator from High Plains Gas System, Inc. (385551) to Acock/Anaqua Operating Co., LP.
48.	02-0303438 (Jennifer Cook)	Acock/Anaqua Operating Co., LP (003599)	Scanio/Shelton (RRC Gas ID No. 272900) Lease, Well No. 13, Mission River (6000) Field, Refugio County, Texas	Approve P-4 Change of Operator from High Plains Gas System, Inc. (385551) to Acock/Anaqua Operating Co., LP
49.	02-0303439 (Jennifer Cook)	Acock/Anaqua Operating Co., LP (003599)	Mitchell, John N. Unit (08662) Lease, Well No. 4, Mission River Field, Refugio County, Texas	Approve P-4 Change of Operator from High Plains Gas System, Inc. (385551) to Acock/Anaqua Operating Co., LP
<u>Mineral Interest Pooling Act - MIPA</u>				
50.	08-0302755 (Ryan Lammert)	Colgate Operating, LLC	Cantaloupe MIPA Unit, Well No. 1H, Phantom (Wolfcamp) Field, Reeves County, Texas	Approve MIPA application

HEARINGS DIVISIONS' UNPROTESTED MASTER ORDER
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ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Motion for Rehearing</u>				
51.	20-0303104 (Ryan Lammert)	Bustamante Oil Company, LLC (112685)	N/A	Grant Motion for Rehearing
52.	20-0303416 (Ryan Lammert)	Orland Oil & Gas LLC (626226)	N/A	Grant Motion for Rehearing
53.	20-0303417 (Ryan Lammert)	Page Oil & Gas, LLC (634196)	N/A	Grant Motion for Rehearing
54.	20-0303418 (Ryan Lammert)	Perry Operating Inc. (656847)	N/A	Grant Motion for Rehearing
55.	20-0303420 (Ryan Lammert)	Texas Shallow Oil & Gas, LLC (848047)	N/A	Grant Motion for Rehearing
56.	20-0303891 (Ryan Lammert)	Baja Production (044650)	N/A	Grant Motion for Rehearing
57.	20-0303892 (Ryan Lammert)	Bodden Production (078315)	N/A	Grant Motion for Rehearing
58.	20-0303904 (Ryan Lammert)	Roland Oil Company (726696)	N/A	Grant Motion for Rehearing
59.	20-0303905 (Ryan Lammert)	Smith & Marrs Inc. (794699)	N/A	Grant Motion for Rehearing
60.	20-0303906 (Ryan Lammert)	Sunray Operating Company LLC (829652)	N/A	Grant Motion for Rehearing
61.	20-0304197 (Ryan Lammert)	Advanced Hydrocarbon Corporation (008484)	N/A	Grant Motion for Rehearing
62.	20-0304210 (Ryan Lammert)	Mascot Oil Company (531355)	N/A	Grant Motion for Rehearing
63.	20-0304212 (Ryan Lammert)	Progenies Operating LLC (681161)	N/A	Grant Motion for Rehearing
64.	20-0304213 (Ryan Lammert)	Rowland, Rex D. (731660)	N/A	Grant Motion for Rehearing

IT IS ORDERED that each referenced Final Order shall become effective when this Order is signed and that a copy of this Order shall be affixed to each Final Order.

Done in Austin, Texas on April 25, 2017.

RAILROAD COMMISSION OF TEXAS

Christi Craddick

CHAIRMAN CHRISTI CRADDICK

Ryan Sitton

COMMISSIONER RYAN SITTON

Wayne Christian

COMMISSIONER WAYNE CHRISTIAN

ATTEST:

Ruthie Way

SECRETARY

