

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 08-0304985

THE APPLICATION OF COLGATE OPERATING, LLC PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE FORMATION OF A POOLED UNIT FOR THE GOLIATH 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 July 7, 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 Goliath 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 2" to this Final Order are pooled into the Goliath MIPA Unit, Well No. 1H, Phantom (Wolfcamp) Field, Reeves County, Texas, the boundaries of which are shown in "Appendix 2" and are described in "Appendix 2A" 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 2" to this Final Order. All interests in tracts within the unit area shown in "Appendix 2" and described in "Appendix 2A" are pooled subject to the following terms and conditions:

TERMS AND CONDITIONS

1. The name of the unit is the Colgate Operating, LLC Goliath 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 2" 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 100 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.

It is further **ORDERED** by the Commission that this Order is final and effective the date it is signed, pursuant to Texas Government Code § 2001.144(a)(4).

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 1st day of August 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Divisions' Unprotected
Master Order dated August 1, 2017)**