

RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION

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OIL & GAS DOCKET NO. 01-0290024: THE APPLICATION OF AMMONITE OIL AND GAS CORPORATION PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE FORMATION OF A POOLED UNIT FOR THE BUTTERFLY DIM (16437) LEASE, WELL NO. J 4H, BRISCOE RANCH (EAGLEFORD) FIELD, DIMMIT COUNTY, TEXAS

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OIL & GAS DOCKET NO. 01-0290026: THE APPLICATION OF AMMONITE OIL AND GAS CORPORATION PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE FORMATION OF A POOLED UNIT FOR THE IVEY RANCH DIM (18018) LEASE, WELL NOS. A 6H, B 1H, AND B 5H, BRISCOE RANCH (EAGLEFORD) FIELD, DIMMIT COUNTY, TEXAS

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OIL & GAS DOCKET NO. 01-0290029: THE APPLICATION OF AMMONITE OIL AND GAS CORPORATION PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE FORMATION OF A POOLED UNIT FOR THE GRINGITA DIM (16908) LEASE, WELL NO. A 3H, BRISCOE RANCH (EAGLEFORD) FIELD, DIMMIT COUNTY, TEXAS

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**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 21, 2015. The Examiners have circulated a Proposal for Decision and a Supplemental Proposal for Decision containing Findings of Fact and Conclusions of Law.

The Commission, after review and due consideration of the Applications, hereby **DENIES AND DISMISSES THE APPLICATIONS** based on the following **Findings of Fact and Conclusions of Law:**

**Findings of Fact**

1. Notice of the hearing was provided by mail to all interested parties at mailing addresses provided by the applicant at least 30 days prior to the hearing.
2. In addition, notice was published in the *Carrizo Springs Journal* on June 10, June 17, June 24, and July 1, 2015.

3. On or about November 22, 2013, Ammonite sent a voluntary pooling offer to Chesapeake for each of the five proposed MIPA units in these three dockets.
4. Due to subsequent drilling on portions of the units at issue, the offers for the Ivey Ranch No. B-IH and the Ivey Ranch No. B-5H units included portions of additional newly-drilled wells. Ammonite did not propose revised units for these wells.
5. Butterfly DIM J-4H, Ivey Ranch Lease A-6H, Gringita DIM A-3H, Ivey Ranch No. B-I H, and the Ivey Ranch No. B-5H wells are all classified as oil wells.
6. Ammonite proposed units of 663 acres for the Butterfly DIM J-4H unit, 210 acres for the Ivey Ranch Lease A-6H unit, and 226 acres for the Gringita DIM A-3H unit. Ammonite did not propose revised units for these wells.
7. Ammonite did not provide survey data or a metes and bounds description of the riverbed to establish the precise acreage to be force pooled into the Gringita DIM u No. A-3H, Ivey Ranch DIM No. A-6H, or the Butterfly DIM No. J-4H wells.
8. The Gringita DIM No. A-3H, Ivey Ranch DIM No. A-6H, Butterfly DIM No. J-4H, Ivey Ranch DIM No. B-IH, and Ivey Ranch DIM No. B-5H wells do not produce hydrocarbons from the adjacent riverbed tracts.
9. Of the five wells at issue, three will not recover their drilling and completion costs and only one can be considered a commercial success.
10. At the hearing, Ammonite agreed with a greater charge for risk (100%) than the 10% listed in its voluntary pooling offer for each of the five wells.
11. Formation of the proposed MIPA units for the five existing wells will not access or produce any of the hydrocarbon reserves under Ammonite's adjacent riverbed tracts.
12. Compulsory pooling will not prevent waste, protect Ammonite's correlative rights, or prevent the drilling of unnecessary wells. The applicant failed to meet its burden of proof to prove that the granting of the application is necessary to prevent waste, protect correlative rights, or avoid the unnecessary drilling of wells. In the record, there is simply no evidence showing that forced pooling these wells will prevent waste or protect correlative rights – the wells have been drilled and are producing, and Ammonite's witness agreed they do not and will not produce riverbed minerals.

### Conclusions of Law

1. Pursuant to Texas Natural Resources Code 102.016, notice of the hearing was given to all interested parties by mailing the notices to their last known addresses at least 30 days before the hearing and, in the case of parties whose whereabouts were unknown, by publication of notice for 4 consecutive weeks in a newspaper of general circulation in the county where the proposed unit is located at least 30 days before the hearing.
2. Ammonite failed to make a fair and reasonable offer to voluntarily pool as required by Texas Natural Resources Code 102.013.
3. Force pooling will not prevent waste, protect correlative rights, or avoid the drilling of unnecessary wells as required by Texas Natural Resources Code 102.011.
4. The Commission lacks authority to issue a compulsory pooling order because Ammonite's proposed unit size exceeds the limits authorized by Texas Natural Resources Code 102.011 and cannot be reformed.
5. Because the applicant failed to meet its burden of proof to prove that the granting of the application is necessary to prevent waste, protect correlative rights, or avoid the unnecessary drilling of wells, the necessary pre-requisites for MIPA pooling have not been established. Ammonite's applications for the Gringita DIM No. A-3H, Ivey Ranch DIM No. A6H, Butterfly DIM No. J-4H, Ivey Ranch DIM No. B-IH, and Ivey Ranch DIM No. B-511 units must be denied.

Therefore, it is **ORDERED** that the referenced applications of Ammonite Oil and Gas Corporation for the formation of pooled units pursuant to the Mineral Interest Pooling Act are hereby **DENIED AND DISMISSED**.

It is further **ORDERED** by the Commission that this Order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application 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. Gov't 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 Commission Order is signed.

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.

**ENTERED** in Austin, Texas, on this 19th day of September 2017.

**RAILROAD COMMISSION OF TEXAS**

*Christi Craddick*  
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**CHAIRMAN CHRISTI CRADDICK**

*Ryan Sitton*  
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**COMMISSIONER RYAN SITTON**

*Wayne Christian*  
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**COMMISSIONER WAYNE CHRISTIAN**

**ATTEST**

*Kathy Way*  
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**SECRETARY**

