

RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL & GAS DOCKET NO. 09-0306140

APPLICATION OF THOMPSON GRAIN AND CATTLE, INC. PURSUANT TO STATEWIDE RULE 76 FOR APPROVAL OF A QUALIFIED SUBDIVISION FOR A TOTAL OF A 160.11 ACRE TRACT IN THE A. MCDONALY SURVEY, A-785, DENTON COUNTY, TEXAS

AGREED FINAL ORDER

The Commission finds that after statutory notice the captioned proceeding was heard by the examiners on October 26, 2017. 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.

1. At least ten (10) days' notice of this hearing was given to all owners of the possessory mineral interest and to the mineral lessors of the proposed qualified subdivision. Notice of Hearing was published for four (4) consecutive weeks in the Denton Record-Chronicle, a newspaper of general circulation in the area of the proposed qualified subdivision, beginning on September 24, 2017.
2. Thompson Grain and Cattle, Inc., Paula K. Thompson, Roger Leslie Thompson and Donald Allen Thompson (collectively, "Thompson") are the applicants in this application and represent all surface owners of land contained in the proposed qualified subdivision.
3. Thompson's 160.011-acre tract located in the A. McDonaly Survey, A-785, Denton County, Texas meets the requirements of a qualified subdivision.
 - a. The proposed qualified subdivision is a tract less than 640 acres in size.
 - b. Denton County has a population in excess of 400,000.
 - c. The proposed operation sites contain sufficient acreage and access thereto for equipment and pipeline adequate to ensure the full and effective development of the minerals which might underlie the proposed qualified subdivision.

4. The owners of the mineral interests underlying the tract are Thompson Grain and Cattle, Inc., Paula K. Thompson, Roger Leslie Thompson and Talcorp EC, Inc.
5. Wells currently producing on the acreage of the proposed qualified subdivision are within the proposed operation sites.
6. The 160.011-acre tract has been subdivided in a manner authorized by law by the surface owners for residential, commercial or industrial use.
7. There has been extensive development of the minerals within the 2.5 miles surrounding the proposed qualified subdivision.
 - a. Known Railroad Commission designated fields within the 2.5-mile radius of review include:
 - Hunter (Congl.) Field
 - Hunter Creek (Conglomerate) Field
 - M & V (Conglomerate) Field
 - Newark, East (Atoka 1) Field
 - Newark, East (Barnett Shale) Field
 - Newark, East (Bend Conglomerate) Field
 - Wildcat Field
 - b. Thompson identified 226 well permits issued by the Commission within 2.5 miles of the proposed qualified subdivision.
8. The four operation sites on the legible plat approved by the Town of Northlake, Texas presented at the hearing and attached as Exhibit A showing the 160.011-acre tract, road easements and pipeline easements provide sufficient area for any potential future drilling and production related to the development of the mineral interest underlying the proposed qualified subdivision.
9. Notice of hearing was issued for hearing on September 14, 2017. At that hearing, all properly noticed parties that appeared were admitted as parties to the proceeding and all parties that were properly noticed that did not intervene were dismissed as parties. The parties, as of September 14, 2017, were Aethon United BR LP, Aethon Energy Operating LLC and Thompson Grain and Cattle, Inc., Paula K. Thompson, Roger Leslie Thompson and Donald Allen Thompson. The persons noticed that did not intervene and were not admitted as parties were PEO Haynesville Holdco, LLC, Modern Exploration, Inc. Texoma Energy, LLC, Fisherman's Petroleum Co., Peridot Corporation, Western Drilling Corp., Dave W. Rhone Family Trust, Donald Jones, Phillip Merrell, Davey Family Trust, Basin Gas, Inc., Talcorp EC, Inc. and Edward Curtis Tally III.
10. A final hearing was held on this matter on October 26, 2017 at which Aethon United BR LP and Aethon Energy Operating LLC (collectively "Aethon") appeared as possessory mineral interest owners and agreed to the proposed operation sites, road easements and pipeline easements presented by Thompson at the hearing in the application and as indicated on the attached subdivision plat. No other persons sought to intervene as parties to this proceeding.

11. Thompson and Aethon have agreed that the road easements and pipeline easements currently existing on the surface and servicing the operation sites on the tract at the time of this Final Order (the “Old Easements”) shall remain available for use by Aethon (or its successor operator(s) on the Thompson tract) until Thompson (or its successors) has (i) constructed at its own expense the proposed pipeline easements and road easements shown on Exhibit A (the “New Easements”) and (ii) given Aethon (or its successor) thirty (30) days’ notice (by telephone, email or mail) that it must cease using the Old Easements and must exclusively utilize the New Easements. Thirty (30) days following such notice, Aethon (or its successor) shall cease its use of the Old Easements, and the Old Easements shall then automatically terminate. Thompson and Aethon have further agreed that Thompson (or its successors) shall be responsible for the costs for relocating access roads and moving any pipelines to the New Easements, that Aethon (or its successor) will be allowed to supervise the pipeline contractor(s) moving any of its pipelines, and that the relocated access roads will be at least as wide and at least as good material as the current access roads.
12. Thompson and Aethon have agreed that, as to the operation sites identified as Lots 1, 2, and 4, once all wells on each site are properly plugged by the operator, the operator and other possessory mineral interest owners will have no further right to use such operation site and the surface owner(s) of the operation site (or its successors) are authorized to file a memorandum in the real property records documenting the permanent release of such operation site.

CONCLUSIONS OF LAW

1. The application for the proposed qualified subdivision was properly filed with the Railroad Commission pursuant to its jurisdictional authority.
2. Proper and adequate notice was given by the Railroad Commission directly and by publication to persons legally entitled to such notice.
3. All things have been done or have occurred to give the Railroad Commission jurisdiction to decide the matter.
4. The application complies with the requirements of Statewide Rule 76, 16 TEX. ADMIN. CODE § 3.76, and TEX. NAT. RES. CODE §§ 92.001 – 92.004.
5. Approval of this application will provide for full and effective development of the minerals underlying the subject property as well as allow for the fullest and most efficient use of the surface estate as provided in Exhibit A and waives use of the remainder of the subject 160.011-acre tract (other than the designated operations sites, road easements and pipeline easements identified on Exhibit A) by possessory mineral interest owners as provided in TEX. NAT. RES. CODE § 92.005(a).

The Commission, after review and due consideration of the Agreed Final Order of the parties in this proceeding and the above-referenced findings of fact and conclusions of law, **ORDERS** that the application of Thompson Grain and Cattle, Inc., as revised at the hearing, to consider approval of a qualified subdivision pursuant to Statewide Rule 76, for a 160.011 acre tract, Denton County,

Texas, as identified on the subdivision plat and surveyor's plat attached as Attachment A to this Agreed Final Order and described in the metes and bounds descriptions of the subdivision's operation sites and easements located within the A. McDonaly Survey, A-785, Denton County, Texas is hereby **APPROVED**.

Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and by agreement of the Parties in writing or on the record, **the parties have waived right to file a Motion for Rehearing and this Final Order is effective on the date the Master Order relating to the Final Order is signed.**

All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 5th day of December 2017.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by Hearings Divisions' Unprotested Master Order dated December 5, 2017)

