

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 08-0312439

APPLICATION OF RIO OIL AND GAS (PERMIAN) II, LLC, FOR EXCEPTIONS TO STATEWIDE RULE 40 FOR VARIOUS LEASED TRACTS IN THE PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice in the above-referenced and docketed case heard on May 21 and July 17, 2018, the presiding Administrative Law Judge and Technical Examiner (collectively, "Examiners") have made and filed an amended proposal for decision containing findings of facts and conclusions of law, which was reviewed and approved by all parties of record; 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' amended proposal for decision, the findings of facts and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the findings of facts and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** that Rio Oil and Gas (Permian) II, LLC's ("Rio's") application for Statewide Rule 40 exceptions for various leased tracts ("Leased Tracts") in the Phantom (Wolfcamp) Field are **GRANTED** and assignment of acreage for allocation of allowables to one or more wells on the same lease, pooled unit, production sharing unit or allocation well shall be acceptable so long as the well density complies with the Commission's statewide rules and/or special field rules, and any amendments and/or revisions thereof, subject to the following conditions:

1. To apply for duplicate assignment of acreage, the Operator shall file with its drilling permit application remarks or a written certification that duplicate assignment of acreage is required because an existing deed, lease, or other contract confines the Operator to a distinct depth interval.
2. Ten (10) business days prior to the filing of the drilling permit application, all drilling permit applicants shall provide written notice to each Commission-designated operator of any well shown on the RRC map at the time of the drilling permit application that satisfies the following criteria: (1) the other operator's well is assigned to a Unconventional Fracture Treated (aka UFT) field listed on the applicant's drilling permit application, (2) the other operator's well is geographically located within one-half mile of applicant's proposed well, and (3) the other operator's well falls within the geographic limits of applicant's lease. The notice shall include a copy of the drilling permit application and a copy of the plat showing the well's

proposed location. The obligations of this subsection 2 shall be applicable to any Operator proposing wells on a lease, pooled unit, production sharing unit or allocation well where such lease, pooled unit, production sharing unit or allocation well covers less than all depths.

3. The applicant shall provide copies of the well's as-drilled survey plat and any directional surveys to any party entitled to notice as described in subsection 2 above, within 15 days of receipt by applicant of such written request.
4. If a timely (within 10 days of notice) filed written objection to the application is received by the Commission, the complainant may request a hearing, at which the complainant will bear the burden of proof to show that the proposed application will result in waste and/ or harm to correlative rights.

It is further **ORDERED** that the exceptions are subject to a five-year duration as to the Leased Tracts such that the exception applies for any applicable permit application filed within five years of this Final Order, and for the duration of the life of the wells resulting from those permit applications filed within the five-year period.

It is further **ORDERED** that:

- a. For each drilling application (Form W-1) filed with an exception as authorized by this Final Order, the Operator shall attach a copy of the Final Order including a copy of Attachment A (list of leased tracts) and Attachment B (plat showing tracts) and shall mark the list and plat to easily identify the applicable tract.
- b. For each drilling application (Form W-1) filed with an exception as authorized by this Final Order, the Operator shall define the upper and lower limits of development (in true vertical depth) in each Form W-1.
- c. Rio shall file the Final Order including a copy of Attachment A and Attachment B in the deed records records for Reeves County within 30 days of this Final Order.
- d. Rio shall file the Final Order including a copy of Attachment A and Attachment B in the General Land Office's applicable mineral files for the Leased Tracts within 30 days of this Final Order.

A list of identifying information as to the Leased Tracts is attached as Attachment A. A plat showing the location of the Leased Tracts is attached as Attachment B.

Pursuant to section 2001.144(a)(4)(A) of the Texas Government Code, and by agreement of the parties on the record, the parties have waived the right to file a motion for rehearing and the Final Order in this case can be final and effective on the date the Final Order is signed.

Done this 21st day of August, 2018

RAILROAD COMMISSION OF TEXAS

Christi Craddick

CHAIRMAN CHRISTI CRADDICK

Ryan Sitton

COMMISSIONER RYAN SITTON

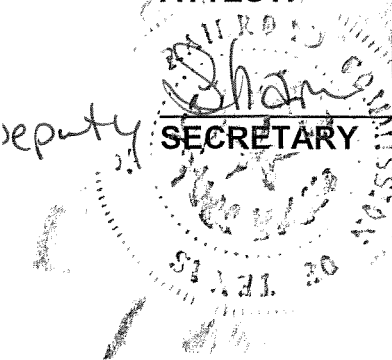
Wayne Christian

COMMISSIONER WAYNE CHRISTIAN

ATTEST:

Sharon Wark

deputy SECRETARY

The seal of the Railroad Commission of Texas is partially visible, featuring a circular design with the text "RAILROAD COMMISSION OF TEXAS" and "1890".

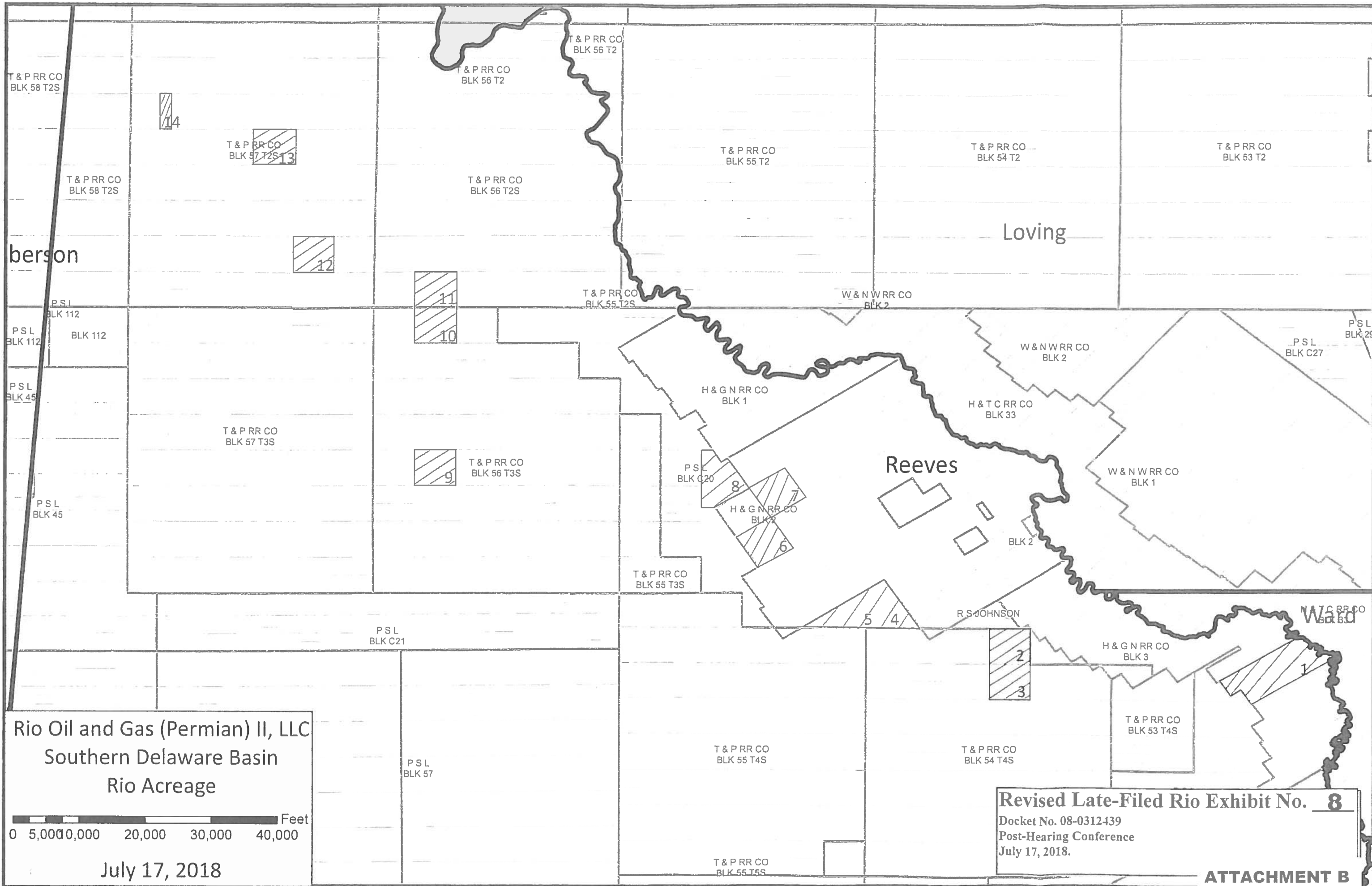
Revised Late-Filed Rio Exhibit No. 7
Docket No. 08-0312439
Post-Hearing Conference
July 17, 2018.

Rio Permitted Wells:

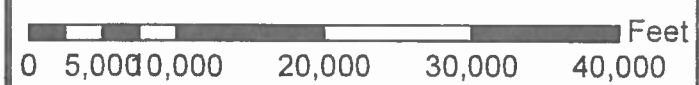
| Well Name | API # | Description | Permit Number |
|---------------------------------|--------------|----------------------------------|---------------|
| Expedition State Unit 71-67 #1H | 42-389-36768 | Section 67, G.A. Franklin Survey | 835427 |
| Conquista State Unit 54-1-8 #1H | 42-389-36795 | Section 68, R.S. Johnson Survey | 835888 |
| Expedition State Unit 71-67 #2H | 42-389-37118 | Section 33, Block 2 | 839619 |
| Expedition State Unit 71-67 #3H | 42-389-37119 | Section 33, Block 2 | 839617 |

Rio Leases:

| Tract # (see accompanying plat) | RAL # | Lessor | Lessee | Lease Date | Description | Recording Reference |
|------------------------------------|----------|---|---|------------|---|---------------------|
| 1 | | BENTON LAND PARTNERSHIP | SANDRIDGE EXPLORATION AND PRODUCTION, LLC | 09/16/10 | Section 12 & N/2 of Section 13, Block 3 | 853/371 |
| 1 | | COLLIER ENTERPRISES INC. | SANDRIDGE EXPLORATION AND PRODUCTION, LLC | 08/26/10 | Section 12 & N/2 of Section 13, Block 3 | 853/368 |
| 1 | | MAPFCB13-NET, AN OKLAHOMA GENERAL PARTNERSHIP | SANDRIDGE EXPLORATION AND PRODUCTION, LLC | 10/12/10 | Section 12 & N/2 of Section 13, Block 3 | 861/203 |
| 1 | | HURLEY TEXAS ROYALTY PARTNERSHIP | SANDRIDGE EXPLORATION AND PRODUCTION, LLC | 02/23/12 | Section 12 & N/2 of Section 13, Block 3 | 12-02509 |
| 1 | | CENTURY 2000 ROYALTY PARTNERSHIP | SANDRIDGE EXPLORATION AND PRODUCTION, LLC | 02/23/12 | Section 12 & N/2 of Section 13, Block 3 | 12-02508 |
| 1 | | CHARLES W. AND PATTY N. BROWN, LLC | SANDRIDGE EXPLORATION AND PRODUCTION, LLC | 02/23/12 | Section 12 & N/2 of Section 13, Block 3 | 12-02507 |
| 2 | | CHEVRON USA INC. | E G L RESOURCES INC. | 01/01/05 | Section 1, Block 54, Township 4 | 17-09219 |
| 3 | MF118870 | STATE OF TEXAS, GEORGE P BUSH, COMMISSIONER OF THE GLO | RIO CONQUISTA, LLC | 08/01/17 | Section 8, Block 54, Township 4 | 17-16266 |
| 4 | MF118859 | STATE OF TEXAS, GEORGE P BUSH, COMMISSIONER OF THE GLO | RIO CONQUISTA, LLC | 08/01/17 | Section 67, G.A. Franklin Survey | 17-16264 |
| 5 | | STATE OF TEXAS M-106116 | FOREST OIL CORPORATION | 01/18/06 | Section 71, G.A. Franklin Survey | 1578 |
| 6 and 7 | | MICHAEL ANDERSON HARRISON, W.O. HARRISON, JR. FAMILY LP, A TEXAS LIMITED PARTNERSHIP AND KATHRYN NELL HARRISON | TRAVERSE EXPLORATION, LLC | 01/27/17 | Section 12 & 16, Block 2 | 17-02711 |
| 8 | MF118544 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, MICHAEL ANDERSON HARRISON, W.O. HARRISON, JR. FAMILY LP, A TEXAS LIMITED PARTNERSHIP AND KATHRYN NELL HARRISON | TRAVERSE EXPLORATION, LLC | 02/01/17 | Section 14, Block C20 | 17-02710 |
| 9 | MF118695 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, SHARON M DARCY | WILDHORSE INTEREST, LLC | 03/29/17 | Section 22, Block 56, Township 3 | 17-07617 |
| 10 and 11 | MF118520 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, THE GEORGE R. BROWN PARTNERSHIP, LP | INVICTUS ENERGY, LLC | 03/13/17 | Section 44, Block 56, Township 2 | 17-05105 |
| 12 | | MRS. SALLIE WYNNE REYNAUD, AS AGENT FOR THE STATE OF TEXAS | FORD CHAPMAN | 09/21/70 | Section 38, Block 57, Township 2 | 297/485 |
| 12 | | LELA MAE WYNNE, SAMUELLA WYNNE PALMER AND RUTH WYNNE HOLLINSHEAD, AS AGENT FOR THE STATE OF TEXAS | FORD CHAPMAN | 09/21/70 | Section 38, Block 57, Township 2 | 297/489 |
| 13 | MF118714 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, BLAKE OIL & GAS CORPORATION | RIO OIL AND GAS (PERMIAN) II, LLC | 05/10/17 | Section 22, Block 57, Township 2 | 17-09708 |
| 13 | MF118715 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, BRUCE W. BLAKE | RIO OIL AND GAS (PERMIAN) II, LLC | 05/16/17 | Section 22, Block 57, Township 2 | 17-09709 |
| 13 | MF118716 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, JACK E. BLACK JR | RIO OIL AND GAS (PERMIAN) II, LLC | 05/10/17 | Section 22, Block 57, Township 2 | 17-09710 |
| 13 | MF118717 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, MARK D. BLAKE | RIO OIL AND GAS (PERMIAN) II, LLC | 05/13/17 | Section 22, Block 57, Township 2 | 17-09711 |
| 13 | MF118718 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, ANN APPLING BRADFORD | RIO OIL AND GAS (PERMIAN) II, LLC | 05/14/17 | Section 22, Block 57, Township 2 | 17-09712 |
| 13 | MF118719 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, CBAT CORPORATION C/O ROBERT K. WHITT | RIO OIL AND GAS (PERMIAN) II, LLC | 05/04/17 | Section 22, Block 57, Township 2 | 17-09713 |
| 13 | MF118720 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, GAYLE D. FOGELSON | RIO OIL AND GAS (PERMIAN) II, LLC | 05/22/17 | Section 22, Block 57, Township 2 | 17-09714 |
| 13 | MF118721 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, CAROLYN BLAKE JOHNSTON | RIO OIL AND GAS (PERMIAN) II, LLC | 05/10/17 | Section 22, Block 57, Township 2 | 17-09715 |
| 13 | MF118722 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, JANE APPLING SIGLER AND JIMMIE B SIGLER | RIO OIL AND GAS (PERMIAN) II, LLC | 05/10/17 | Section 22, Block 57, Township 2 | 17-09716 |
| 14 | MF118583 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, CAROLE E. RUSH, TRUSTEE OF CAROLE E RUSH LIVING TRUST | BLAZE INTERESTS, LLC | 03/16/17 | E/2 E/2 of Section 18, Block 57, Township 2 | 17-05117 |
| 14 | MF118583 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, LUTHER WESTBROOK OLSON, LLC | BLAZE INTERESTS, LLC | 03/16/17 | E/2 E/2 of Section 18, Block 57, Township 2 | 17-05118 |
| 14 | MF118583 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, CARL RUSHING OLSON, JR. LLC | BLAZE INTERESTS, LLC | 03/16/17 | E/2 E/2 of Section 18, Block 57, Township 2 | 17-05119 |
| 14 | MF118583 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, CAROLINE OLSON FLANNERY SEPARATE PROPERTY TESTAMENTARY TRUST FOR THE BENEFIT OF JOHN O. FLANNERY, JR. | BLAZE INTERESTS, LLC | 03/16/17 | E/2 E/2 of Section 18, Block 57, Township 2 | 17-05120 |
| 14 | MF118583 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, GEORGE ALBERT OLSON | BLAZE INTERESTS, LLC | 03/16/17 | E/2 E/2 of Section 18, Block 57, Township 2 | 17-05121 |
| 14 | MF118583 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, PAULENA F. MITCHELL TESTAMENTARY SEPARATE PROPERTY TRUST C/O CAROLE ELIZABETH RUSH, TRUSTEE | BLAZE INTERESTS, LLC | 03/16/17 | E/2 E/2 of Section 18, Block 57, Township 2 | 17-05122 |
| 14 | MF118583 | STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, MARION A OLSON, JR | BLAZE INTERESTS, LLC | 03/16/17 | E/2 E/2 of Section 18, Block 57, Township 2 | 17-05123 |



Rio Oil and Gas (Permian) II, LLC
 Southern Delaware Basin
 Rio Acreage



July 17, 2018

Revised Late-Filed Rio Exhibit No. **8**
 Docket No. 08-0312439
 Post-Hearing Conference
 July 17, 2018.

ATTACHMENT B