

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 08-0316751

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

FINAL ORDER

The Railroad Commission (“RRC” or “Commission”) finds that after statutory notice in the above-docketed case, heard on February 4, 2019, the presiding Administrative Law Judge and Technical Examiner (“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 Commission at conference held in its offices in Austin, Texas.

The Commission, after due consideration of this application, hereby adopts as its own the findings of fact and conclusions of law contained in the Examiners’ report, 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 (“Colgate”) to amend the size of the pooled unit pursuant to the Mineral Interest Pooling Act for the proposed King David MIPA Unit, 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 and described in Appendix 2 to this Final Order are pooled into the King David MIPA Unit, for the drilling of one or more horizontal wells in the Phantom (Wolfcamp) Field, Reeves County, Texas, with the initial well at the approximate location shown on Appendix 1 to this Final Order. All such interests are pooled subject to the following terms and conditions:

TERMS AND CONDITIONS

1. The name of the unit is the King David MIPA Unit.
2. The operator of the King David MIPA Unit is Colgate Operating, LLC.
3. The initial unit well is the well depicted on Appendix 1 to this order.

4. The amended King David MIPA Unit shall be effective on the date this order becomes administratively final.
5. The King David 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 King David MIPA Unit, the production from a well within the unit shall be allocated to the respective unleased tracts and voluntary pooled units that are pooled into the King David MIPA Unit in the proportion that the number of surface acres of each bears to the number of surface acres pooled into the entire King David MIPA Unit.
7. The interests of lessors in voluntary pooled units within the King David MIPA Unit are pooled as royalty interests. The interests of lessees within the King David MIPA Unit are pooled as working interests. The interests of lessors and lessees are subject to their voluntary pooling agreements.
8. The mineral interests of owners of all unleased tracts pooled into the King David MIPA Unit are pooled as owners of a 1/4th royalty interest and a 3/4th working interest, proportionately reduced. These owners' share of expenses, subject to a 100 percent charge for risk, is payable only from 3/4th of production and not from their entire mineral interest.
9. The operator shall make no surface use of the unleased tracts within the King David 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 King David MIPA Unit. Except as herein provided, payment of the appropriate pro rata share of the proceeds of production of the King David 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 Order.

Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and by the agreement of Colgate in writing or on the record, **Colgate has waived the right to file a motion for rehearing and this Final Order is final and effective on the date the Master Order relating to this Final Order is signed.**

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

SIGNED on April 9, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master
Order dated April 9, 2019)**