

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 02-0320367

**APPLICATION OF MERIT ENERGY COMPANY, LLC (561136) FOR APPROVAL OF
UNITIZATION AND SECONDARY RECOVERY FOR THE SINOR WILCOX UNIT,
SINOR NEST (LOWER WILCOX) FIELD, LIVE OAK COUNTY, TEXAS**

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket heard on July 12, 2019, the technical examiner and administrative law judge ("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 complies 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 on August 6, 2019.

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** by the Commission that proposed Sinor Wilcox Unit, Sinor Nest (Lower Wilcox) Field, Live Oak County, Texas, as shown by the plat and legal descriptions submitted and attached hereto as Exhibit 1, be and is hereby approved as a unit for secondary recovery purposes, subject to the following terms and conditions:

1. The Commission retains all powers and duties with regard to the conservation of oil and gas in the field, and no proration order of the Commission will promulgated pursuant to the terms of the Sinor Wilcox Unit Agreement ("Agreement"); and the allocation formula for the wells included in the Agreement shall remain and continue in full force and effect as if the Agreement had not been approved.
2. The proration units established for the individual wells within the unitized area prior to the approval of the Agreement are hereby adopted, approved and continued in effect for allowable allocation purposes for such wells unless the unit operator elects to revise the proration unit.
3. For proration purposes, the unitized area will be considered a single tract. The unit operator shall file with the Commission, in addition to the production report for the unit, a supplemental production report for each individual tract that is committed to

the unit where any non-unitized interests exists, showing all things pertinent so that the owner of such non-unitized interest may have access to the public records showing the status of his interests. The Supplemental Production Reports will document oil and gas production volumes determined by the method set out in the adopted findings of fact. Any deviation from this method must be submitted to the Director of the Oil and Gas Division or his delegate for approval, with notice to the non-unitized interest owner.

4. In order to protect ensigned ownership, when 100% of the royalty and working interest owners in a tract have not joined the unit, the operator is not authorized to convert the last producing well on a tract to an injector unless an exception is granted after notice and hearing.
5. All injection authority and each injection well with in the unitized are is hereby made subject to the terms of and conditions of the Texas Water Code, § 27.0511, if fresh water is used.

Further, it is **ORDERED** by the Commission that Merit Energy Company, LLC (561136) is hereby authorized to conduct secondary recovery operations on the Sinor Wilcox Unit, Sinor Nest (Lower Wilcox) Field, Live Oak County, Texas, subject to the following terms and conditions:

1. All injection authority within the unitized area previously granted by the Commission is hereby made subject to the terms and conditions of this order and the Commission's Technical Permitting Section is hereby authorized to issue amended injection permits in accordance with normal procedure as necessary to reflect the terms and conditions contained in this order or as later directed by the Commission.
2. The operator may expand or modify the proposed injection facilities without additional hearing for Commission approval of such expansion or modification, with respect to secondary recovery authorization, but each injection well remains subject to the filing requirement of Statewide Rule 46 including Commission Form H-1, "Application to inject Fluid into a Reservoir Productive of Oil or Gas", for injection wells not previously permitted as such.
3. The unit operator must submit application for injection well permits to the Commission's Technical Permitting Section and receive such permits prior to commencing injection pursuant to this order.

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the parties in writing or on the record, **the parties have waived the right**

to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.

Signed on August 6, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated August 6, 2019)**

EXHIBIT "1"
UNIT BOUNDARY MAP
SINOR WILCOX UNIT – LIVE OAK COUNTY, TEXAS

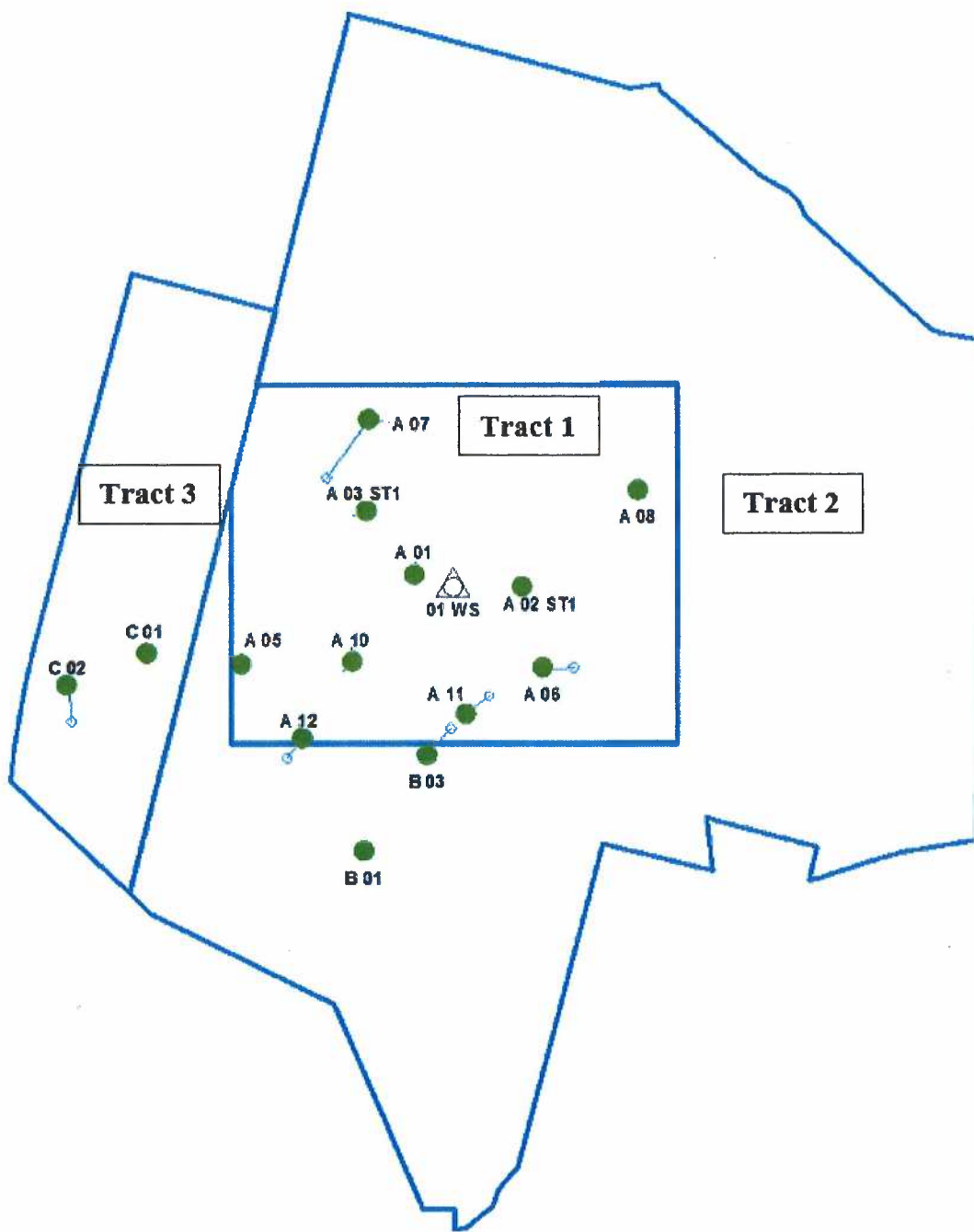


EXHIBIT "1" CONT'D
UNIT BOUNDARY MAP
SINOR WILCOX UNIT – LIVE OAK COUNTY, TEXAS

TRACT 1: 704 acres more or less, in Live County, Texas and is situated within the S. Ryan Survey, Abstract No. 35, the Walter Henry Survey, Abstract No. 15 and the Patrick Henry Survey, Abstract No. 12 Live Oak County, Texas, and is more particularly described by metes and bounds as follows, to-wit:

BEGINNING: at a point (X=2,242,016.3, Y=250,040.1), which bears South 14° 10' 01" West, a distance of 5217.98 feet, from the West corner (X=2,243,293.3, Y=255,099.4) of said 2744.85-acre tract (573/172), in the West line of said 2744.85-acre tract (573/172) and an exterior East corner and POINT OF BEGINNING of this 704.00-acre tract.

THENCE: East, a distance of 5847.78 feet, to a point (X=2,247,864.0 Y=250,040.1 and the Northeast corner of this tract;

THENCE: South, a distance of 4978.91 feet, to a point (X=2,247,864.0, Y=245,061.2), and the Southeast corner of this tract;

THENCE: West, a distance of 6212.00 feet, to a point (X=2,241,652.0, Y=245,061.2) and the Southwest corner of this tract;

THENCE: North a distance of 3536.01 feet, to a point (X=2,241,652.0, Y=248,597.2), and the West corner of this tract;

THENCE: North 14° 10' 01" East, a distance of 1488.16 feet, to the POINT OF BEGINNING of this tract and containing 704.00 acres of land more or less.

TRACT 2: 2,744.85 acres of land, more or less, comprised on approximately 1,209.85 acres out of the S. Ryan Survey No. 66, Abstract No. 35; 1,310 acres out of the P. Henry Survey No. 10, Abstract No. 12; and 225 acres out of the Thomas Henry Survey No. 11, Abstract No. 13, and being the same tract of land described in a Warranty Deed, dated July 19, 2000, from Plomero Ranches, Ltd., acting by and through its general partner, Plomero Ranches, GP, LLC to Sinor Ranch, Ltd., recorded in Volume 573, Pages 172, et seq., of the Deed Records of Live Oak County, Texas; SAVE and EXCEPT here from the 704 acres more or less described in Tract 1 above.

TRACT 3: 360.85 acres of land, more or less, being the same land described as "Tract 3" in Unit Designation Charles Nichols Gas Unit dated January 1, 2006, from Pioneer Natural Resources USA, Inc. and Newpek, LLC, recorded in Volume 77, Page 207, Official Records, Live Oak County, Texas