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RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0326479

THE APPLICATION OF ROVER PETROLEUM OPERATING, LLC (730462) FOR DETERMINATION THAT HOWARD GLASSCOCK (CONSOLIDATED) FIELD RULES AUTHORIZE ASSIGNMENT OF ALLOWABLES FOR VARIOUS WELLS, HOWARD GLASSCOCK (CONSOLIDATED) FIELD, HOWARD COUNTY, TEXAS

HEARD BY: Robert E. Musick - Technical Hearings Examiner
Jennifer N. Cook – Administrative Law Judge

HEARING DATE: August 5, 2020

CONFERENCE DATE: December 8, 2020

APPEARANCES FOR: Rover Petroleum Operating, LLC:

David Gross, Attorney
Lance Addison, Sr. Landman

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Rover Petroleum Operating, LLC ("Rover") filed an application ("Application") seeking Statewide Rule 40 exception authority for the following leases ("Subject Leases") completed in the Howard Glasscock (Consolidated) Field (Field No. 42971200) located in Howard County, Texas: Rover's Douthit, E. W. -C- (42230) Lease; Endeavor Energy Resource's ("Endeavors"), Douthit, E. W. -M- (41273) Lease; Rover's Douthit, E. W. -B-DE (41056) Lease; and Rover's Douthit "115" (42231) Lease.

In the alternative to the Statewide Rule 40 exception authority discussed above, Rover also requested in the Application a Statewide Rule 40 exception for the specified leases and identified wells and their proration schedule acreage assignment if the Commission determines it appropriate in lieu of the preferred option request in the Application. In the alternative option, the double acreage assignment is specific to wells (Wells Nos. 3 and 9) associated with the following leases:

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1. Rover's Douthit, E. W. -C- (42230) Lease and Endeavor Energy Resource's ("Endeavors"), Douthit, E. W. -M- (41273) Lease, Well No. 3. The Application request that Endeavor's Douthit, E. W. -M- (41273) Lease, Well No. 3 be assigned a second time to wells located on Rover's (42230) Douthit, E. W. -C- Lease in the Howard Glasscock (Consolidated) Field;
2. Rover's Douthit, E. W. -B- (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9; and Rover's Douthit "115" (42231) Lease. The Application requests that acreage assigned to Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 be assigned a second time to the well located on Rover's (42231) Douthit, "115" Lease in the Howard Glasscock (Consolidated) Field.

The Examiners recommend the Commission utilize the well-specific Statewide Rule 40 exception authority based on the evidence presented in the hearing.

Authority for the Statewide Rule 40 exception is sought pursuant to Statewide Rule 40(g) which requires an operator seeking to assign acreage to more than one well to proof that an exception is necessary to prevent waste, prevent confiscation, or protect correlative rights; and the wells are not completed in the same ownership interval.

Rover presented evidence to satisfy the requirements for an exception to Statewide Rule 40. Rover's evidence established that the Subject Lease wells that occupy the same proration unit will not drain hydrocarbon reserves from the other assigned well in the proration unit. In addition, the evidence at the hearing demonstrated that the ownership interest for wells occupying the same proration unit will drain different intervals within the correlative interval of the Howard Glasscock (Consolidated) Field and are not competing for the same oil or gas and are not in the same mineral ownership interval.

An exception to Statewide Rule 40 is necessary to recover the hydrocarbons from the Field and prevent waste and confiscation of oil in the 4,770-foot thick correlative interval established for the Howard Glasscock (Consolidated) Field. Therefore the Subject Lease wells in the Application meet the requirement of the Statewide Rule 40.

The application is unopposed and the Technical Hearings Examiner and the Administrative Law Judge (collectively, "Examiners") recommend approval of Rover's Statewide Rule 40 exception for the multiple assignment of 80 acres to Rover's Douthit, E. W. -C (42230) Lease and to Endeavor Energy Resources' Douthit, E. W. -M- (41273) Lease, Well No. 3. In addition, the Examiners recommend approval of Rover's Statewide Rule 40 exception for the multiple assignment of 40 acres to Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and to Rover's Douthit "115" (42231) Lease.

DISCUSSION OF THE EVIDENCE

Notice and Hearing

On July 22, 2020, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the Applicant and operators in the Subject Fields. The Notice identified a hearing scheduled for August 5, 2020. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted.

The hearing was held on August 5, 2020, as noticed. Applicant appeared and participated in the hearing.

Request for Relief

Authority for the Statewide Rule 40 exception is sought pursuant to Statewide Rule 40(g) which requires proof that: a.) an exception is necessary to prevent waste, prevent confiscation, or protect correlative rights; and b.) the wells occupying the same proration unit are not completed in the same ownership interval.

Testimony in the hearing establish that the Howard Glasscock (Consolidated) Field is not a UFT Field, therefore does not qualify for multiply assignment of acreage under Statewide Rule 40(e).

In the alternative to a lease-wide Statewide Rule 40 exception authority, Rover's Application is seeking a well-specific Statewide Rule 40 exception authority for the following Leases and identified well if the Commission determines it appropriate in lieu of the lease-wide Statewide Rule 40 exception authority. Therefore, double acreage assignments for specific wells are being pursued for following leases under this ERR:

1. Rover's Douthit, E. W. -C- (42230) Lease and Endeavor Energy Resource's ("Endeavors"), Douthit, E. W. -M- (41273) Lease, Well No. 3;
2. Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9; and Rover's Douthit "115" (42231) Lease.

As established in the Application and Noticed, the Examiners chose to utilize the well-specific Statewide Rule 40 exception authority outlined in the Application based on the evidence presented in the hearing. Therefore, Rover seeks a Statewide Rule 40 exception authority for the multiple assignment of 80 acres to Rover's Douthit, E. W. -C- (42230) Lease and to Endeavor Energy Resources' Douthit, E. W. -M- (41273) Lease, Well No. 3, both in the Howard, Glasscock (Consolidated) Field, Howard County, Texas. Rover also seeks Statewide Rule 40 exception authority for the multiple assignment of 40

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acres to Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and to Rover's Douthit "115" (42231) Lease, also both in the Howard, Glasscock (Consolidated) Field, located in Howard County, Texas.

Howard Glasscock (Consolidated) Field

The Howard Glasscock (Consolidated) Field was established on November 22, 2011 by Final Order No. 08-0272562; and amended by Final Order 08-0285307, dated January 7, 2014.

The Final Order dated November 22, 2011, consolidated the Howard-Glasscock Field, the Howard Glasscock (Glorieta) Field, and the Howard Glasscock (Clear Fork, MI) Field into the Howard Glasscock (Consolidated) Field ("Consolidated Field"). The Consolidated Field has a correlative interval thickness of 4,770 feet and has a cumulative oil production of 65,894,698 barrels of oil based on the oil proration schedule dated July 2020. The Consolidated Field has an oil API gravity of 49.9 degrees; a gas-oil ratio of 2,000 to 1; a proration unit of 10 acres with a 5-acre density optional; a 200-foot lease line spacing with no minimum spacing between wells; an allocation based on 95 percent per well with a 5 percent acreage; and a Maximum Efficient Rate (MER) allowable of 250 barrels of oil per day("bopd") per well. In the Final Order 08-0285307 dated January 2014, the maximum diagonal distance on the proration unit was eliminated for standard and optional units; and the requirement that operators file plats (Form P-15: *Statement of Productivity of Acreage Assigned to Proration Units*) to identify and delineate individual proration unit boundaries and assigned acreage was also removed.

The Consolidated Field designates the correlative interval from 1,120 feet to 5,890 feet as shown on the log of the ConocoPhillips Company, Sloan Chalk lease, Well No. 29 (API No. 42-227-35726), Sec. 114, Block 29, W & NW RR Co./Harral, TE Survey, Abstract 1131, Howard County, Texas. This correlative interval is a 4,770-foot thick interval that includes geologic formations associated with the Yates, Seven Rivers, Queen, Grayburg, San Andres, Glorieta, upper and lower Clearfork and Wichita formations.

A brief history shows the Howard Glasscock and the Howard-Glasscock (Glorieta) Fields were discovered in the 1920s; and the Howard Glasscock (Clear Fork, MI) Field was established in January 1970. The Subject Fields are Permian in age and are located on the eastern shelf of the Midland Basin in West Texas. Production occurs from limestone, dolomite and dolomitic and siliceous sandstone rock types. The Howard Glasscock Field stratigraphically includes members of the Yates, Seven Rivers, Queen, Grayburg, and San Andres formations, but historically produces primarily from the Grayburg and San Andres formations. The Howard-Glasscock (Glorieta) Field produces from the Glorieta formation; and the Howard Glasscock (Clear Fork, MI) Field produces from the upper and lower Clear Fork and Wichita formations. The Consolidated Field is located in numerous counties in West Texas, with over 90 years of oil production from initial discovery of the Howard Glasscock and the Howard-Glasscock (Glorieta) Fields in the 1920s.

Demonstration

In the hearing, Rover summarized the leasehold ownership, the overlapping Subject Lease agreement proration unit acreage, the Subject Lease wells assigned to the proration unit; and the completion interval for the wells on the overlapping proration units with differing mineral interest ownership. For convenience, the Subject Leases, acreage assigned, and associated wells are summarized in Tables 1 and 2 in this ERR.

Mr. Lance Addison, Sr. Landman with Rover, testified that the acreage assignments associated with the Subject Leases have different mineral ownership intervals because of a depth severance clause in the Rover and Endeavor lease agreements. Mr. Addison testified and presented evidence regarding a Leasehold Title Opinion dated May 6, 2009 which is discussed below.

1. Leases located in Section 123: (Table 1)

a. Endeavor's E.W. Douthit -M- (41273) Lease

Endeavor's E.W. Douthit -M- (41273) Lease covers depths below 3,500 feet in Section 123, W & N.W. R.R. Co., Block 29 Survey A-470, Howard County ("Section 123"). The Lease covers the 80-acre South half of the SE/4 of Section 123. Rover's Application is seeking to have Well No. 3, which is assigned to the Douthit -M- (41273) Lease, to have overlapping acreage assignment with the Rover's Douthit -C- (42230) Lease through a Statewide Rule 40 exception authority. In the hearing, evidence established that the Well No. 3 on the E.W. Douthit -M- (41273) Lease was completed on July 11, 1984 with a perforated interval from 3,534 feet to 3,740 feet which is consistent with Rover's evidence that Endeavor's lease interval extends from 3,500 feet and below.

b. Rover's Douthit, E. W. -C- (42230) Lease

The Douthit, E. W. -C- (42230) Lease depth interval in the North and South halves of the SE/4 of Section 123 differ. In the North half of the SE/4 of Section 123, Rover's leasehold ownership extends from the soil surface to a depth of 3,873 feet. In the South Half of the SE/4 of Section 123 Rover's leasehold ownership extends from the soil surface to a depth of 3,500 feet. The Lease covers the 160-acre tract, SE/4 of Section 123, A-470.

c. Double Assignment

The 80-acre assigned to the S/2 of the SE/4 of Section 123, is common to both Rover's Douthit -C- (42230) Lease and Endeavor's Douthit -M- (41273) Lease. Therefore, acreage from the overlapping acreage (80-acre S/2 of the SE/4 of Section 123) may be assigned to Well No. 3 on Endeavor's Douthit, E. W. -M- (41273) Lease which is completed below 3,500 feet and simultaneously assigned to the Rover's Douthit, E. W. -C- (42230) Lease well(s) which have wells only from the surface to a

depth of 3,500 feet. Based on evidence in the hearing, these two leases are assigned different depth intervals and have differing mineral ownership groups as required by Statewide Rule 40(g)(1)(B) and are not competing for the same oil within the Consolidated Field. Therefore the noncompeting wells service different depths in the Consolidated Field and also address different mineral ownership groups, allowing a multiple well acreage assignment to produce oil and gas and prevent waste and confiscation. Rover presented evidence to satisfy the requirement of Statewide Rule 40(g) to allow the multiple acreage assignment regarding the Rover's Douthit -C- (42230) Lease and Endeavor's Douthit -M- (41273) Lease, Well No. 3. Evidence suggest the exception authority will prevent confiscation and protect correlative rights. Table 1 below summarizes this narrative discussion.

**Table 1: Overlapping Acreage Assignment
 Leases located in Sec. 123, W. & N.W. R.R. Co., Block 29 Survey -470,
 Howard County**

Operator	Lease	Double Assigned Well to Both Leases	Tract of Land	Proration Unit Acreage	Interval (1) (2)
Endeavor (251726)	Douthit, E.W. -M- (41273) Lease	No. 3	S/2 SE/4 Sec. 123	80 acres	3,500 feet and below
Rover (730462)	Douthit, E. W. -C- (42230) Lease		SE/4 Sec. 123 <ul style="list-style-type: none"> • N/2 SE/4 • S/2 SE 4 	160 acres	<ul style="list-style-type: none"> • For N/2 SE/4 from Surface to 3,873 feet • For S/2 SE 4 from Surface to 3,500 feet

Notes:

(1) Rover has 100 percent rights to the designated intervals under their leases.

(2) Different mineral ownership between the Douthit, E.W. -M- (41273) Lease, Well No. 3 and the Douthit, E. W. -C- (42230) Lease. No overlap of competing mineral interest.

2. Leases located in Section 115 (Table 2)

a. Douthit, E.W. -B- DE (41056) Lease

Rover's Douthit, E.W. -B- DE (41056) Lease covers depths from the surface to a depth of 3,500 feet from the surface in Section 115, W. & N.W. R.R. Co., Block 29, A-1483, Howard County ("Section 115"). The Lease covers the 180-acre tract in the South half of the NW/4 of Section 115. Rover's Application is seeking to have Well Nos. 1, 2R, 3, 4, 101 and 9, which is assigned to the Douthit, E.W. -B- DE

(41056) Lease, to have overlapping acreage assignment with the Rover's Douthit "115" (42231) Lease through Statewide Rule 40 exception authority.

In the hearing, Mr. Addison testified about a 1930-lease agreement ratified on May 13, 1949 which resulted in the depth severance. The 1930's lease agreement established the depth severance for Section 115, specific to the S/2 of the NW/4 to be from the surface to a depth of 3,500 feet. T

The perforated intervals of the wells on the Douthit, E. W. -B- DE Lease (41056) are within the ownership interval from surface to 3,500 feet.

b. Douthit "115" (42231) Lease

The Douthit "115" (42231) Lease covers depths from a depth of 3,500 feet to 3,841 feet in Section 115. Rover's Douthit "115" (42231) Lease covers 40 acres and consists of acreage in the SW/4 of the NW/4 of Section 115.

Mr. Addison's testimony indicated that Humble Oil & Refining Company entered into a Farm-Out Agreement dated December 19, 1969, wherein Humble agreed to farm out its interest in Section 115, N/2 SW/4 (Table 2), from a depth of 3,500 feet subsurface, not to exceed 4,500 feet subsurface. Therefore the Farm-Out Agreement established a tract to a depth of 4,400 feet or through the Lower Clearfork formation, whichever occurred first. Ultimately, the depth was determined to be from 3,500 feet to 3,841 feet, the depth to the bottom of the target formation.

c. Double Assignment of Acreage

Acreage from the 40-acre SW/4 of the NW/4 of Section 115, W. & N.W. R.R. Co., Block 29, A-1483, Howard County, Texas may be multiply assigned to Field wells on Rover's Douthit E.W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 with completion intervals shallower than 3,500 feet and to the Consolidated Field wells on Rover's Douthit "115" (42231) Lease with completion intervals between 3,500 feet to 3,841 feet.

The 40-acre tract in the SW/4 of the NW/4 of Section 115 is common to both Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and Rover's Douthit "115" (42231) Lease. The 40-acre tract can be assigned for proration purposes to Field wells located on both Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and Rover's Douthit "115" (42231) Lease because these leases are assigned different depth intervals and have differing mineral ownership groups as required by Statewide Rule 40(g)(1)(B).

Rover presented evidence to satisfy the requirements of Statewide Rule 40(g) to allow the multiple acreage assignment regarding the Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and Rover's Douthit "115" (42231)

Lease. Evidence indicates the Statewide Rule 40 exception will prevent confiscation and protect correlative rights. Evidence suggests that the exception authority will prevent confiscation and protect correlative rights. Table 2 below summarizes the narrative discussion.

Table 2: Overlapping Acreage Assignment

Leases located in Sec. 115, W. & N.W. R.R. Co., Block 29, A-1483, Howard County

Operator	Lease	Double Assigned Well to Both Leases	Tract of Land	Proration Unit Acreage	Interval (1) (2)
Rover Petroleum Operating, LLC (730462)	Douthit, E.W. -B- DE (41056) Lease	Nos. 1, 2R, 3, 4, 9 and 101	<ul style="list-style-type: none"> S/2 NW/4 Sec 115 	180 Acres	<ul style="list-style-type: none"> For S/2 NW/4, Sec. 115 from Surface to 3,500 feet
Rover Petroleum Operating, LLC (730462)	Douthit "115" (42231) Lease		<ul style="list-style-type: none"> SW/4, Sec 115 NW/4 Sec. 115 	40 acres	<ul style="list-style-type: none"> For SW/4 & NW/4 Sec. 115 from 3,500 feet to 3,841 Feet
Notes:					
(1) Rover has 100 percent rights to the designated interval.					
(2) Different mineral ownership between the Douthit, E.W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and the Douthit "115" (42231) Lease. No overlap of competing mineral interest.					

Recommendation

In the hearing, Rover established the correlative interval from 1,120 feet to 5,890 feet, a 4,770-foot thick interval that has overlapping acreage assignments but drains hydrocarbon reserves from two different intervals of the Consolidated Field. Evidence suggest the two well completion intervals controlled by the depth severance requirement in the respective Rover and Endeavor leases eliminate any competing oil recovery. Rover argued in the hearing that these different geologic formations that make up the 4,770-foot thick designated correlative interval for the Consolidated Field can be produced simultaneously without casing waste. In addition, Rover testified that the two depth severance intervals have different mineral interest groups and meet the requirements established by Rule 40(f). In addition, Rover argued at the hearing that the different mineral interest owners should be allowed to produce oil and gas and prevent waste and confiscation from different portions of the 4,770-foot thick Consolidated Field. As an

alternative, shutting in the production of one ownership interval until production for the other ownership interval is unreasonable and may cause waste and confiscation.

In addition, The Examiners conclude the requested proposed field rules will be protective of correlative rights, increase recovery of resources and prevent waste and confiscation. Therefore, the Examiners conclude the Statewide Rule 40 requirements have been met and recommend the Commission adopt the proposed Final Order. In addition, this proposed Final Order will apply to successor operators of both Rover's Douthit, E. W. -C (42230) Lease and to Endeavor Energy Resources' Douthit, E. W. -M- (41273) Lease, Well No. 3.

At the hearing, Rover agreed on the record that the Final Orders in these docketed cases will be final and effective when a Master Order relating to this Final Orders are signed. The Examiners recommend granting the requests of Rover as presented for the Final Orders.

FINDINGS OF FACT

1. Rover Petroleum Operating, LLC ("Rover") seeks a Statewide Rule 40 exception authority for the double assignment of 80 acres to Rover's Douthit, E. W. -C- (42230) Lease and to Endeavor Energy Resources' Douthit, E. W. -M- (41273) Lease, Well No. 3, both in the Howard, Glasscock (Consolidated) Field, Howard County, Texas. The requirements are summarized on Table 1 of this ERR.
2. Rover also seeks Statewide Rule 40 exception authority for the double assignment of 40 acres to Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and to Rover's Douthit "115" (42231) Lease, also both in the Howard, Glasscock (Consolidated) Field, Howard County, Texas. The requirements are summarized on Table 2 of this ERR.
3. Authority for the Statewide Rule 40 exception is sought pursuant to Statewide Rule 40(g) which requires an operator seeking to assign acreage to more than one well to proof that:
 - a. an exception is necessary to prevent waste, prevent confiscation, or protect correlative rights; and
 - b. the wells are not completed in the same ownership interval.
4. On July 22, 2020, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Rover, Endeavor Energy Resources and offsetting operators in the field setting a hearing date of August 5, 2020. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules

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involved; and (4) a short and plain statement of the matters asserted. No protest was received from the Notice.

5. The hearing was held on August 5, 2020, as noticed. Rover appeared and participated at the hearing. No one appeared in protest.
6. The Howard Glasscock (Consolidated) Field's designated correlative interval is from 1,120 feet to 5,890 feet as shown on the log of the ConocoPhillips Company, Sloan Chalk lease, Well No. 29 (API No. 42-227-35726), Sec. 114, Block 29, W & NW RR Co./Harral, TE Survey, Abstract 1131, Howard County, Texas. This correlative interval is a 4,770-foot thick interval that includes geologic formations associated with the: Yates, Seven Rivers, Queen, Grayburg, San Andres, Glorieta, Upper and Lower Clearfork and Wichita.
7. The Howard Glasscock (Consolidated) Field was established on November 22, 2011 by Final Order No. 08-0272562; and amended by Final Order 08-0285307, dated January 7, 2014. The Final Order dated November 22, 2011, consolidated the Howard-Glasscock Field, the Howard Glasscock (Glorieta) Field, and the Howard Glasscock (Clear Fork, MI) Field into the Howard Glasscock (Consolidated) Field.
8. The Howard Glasscock (Consolidated) Field has an oil API gravity of 49.9 degrees; a proration unit of 10 acres with a 5-acre density optional; a 200-foot lease line spacing with no minimum spacing between wells; an allocation based on 95 percent per well with a 5 percent acreage; and a Maximum Efficient Rate (MER) allowable of 250 barrels of oil per day("bopd") per well. In the Final Order 08-0285307 dated January 2014, the maximum diagonal distance on the proration unit was eliminated for standard and optional units; and the requirement that operators file plats (Form P-15: *Statement of Productivity of Acreage Assigned to Proration Units*) to identify and delineate individual proration unit boundaries and assigned acreage was also removed.
9. Rover's Douthit -C- (42230) Lease covers the 160-acre SE/4 of Sec. 123, W & N.W. R.R. Co., Block 29 Survey A-470, Howard County ("Section 123"). Rover's lease depth intervals in the North and South halves of the SE/4 of Section 123 differ:
 - a. In the North half of the SE/4 of Section 123, Rover's leasehold ownership extends from the soil surface to a depth of 3,873 feet.
 - b. In the South Half of the SE/4 of Section 123 Rover's leasehold ownership extends from the soil surface to a depth of 3,500 feet.
10. Endeavor's Douthit -M- (41273) Lease, Well No. 3 covers the 80-acre South half of the SE/4 of Sec. 123. Endeavor's leasehold ownership in the South half of the SE/4 of Section 123 covers the interval from 3,500 feet and below.

11. The 80-acre S/2 of the SE/4 of Section 123 is common to both Rover's Douthit -C- (42230) Lease and Endeavor's Douthit -M- (41273) Lease, Well No. 3.
 - a. The 80-acre S/2 of the SE/4 of Section 123 can be simultaneously or multiply assigned for proration purposes to Field wells located on both Rover's Douthit -C- (42230) Lease and Endeavor's Douthit -M- (41273) Lease, Well No. 3 because these leases are assigned different depth intervals and have differing mineral ownership groups as required by Statewide Rule 40(g)(1)(B).
 - b. Since the two leases have different depth intervals and different mineral ownerships, allowing the simultaneous or multiple assignment of the 80-acre S/2 of the SE/4 of Section 123 to producing wells located on both leases within the Well No. 3 proration unit will prevent confiscation and protect correlative rights because it will allow both sets of mineral owners to produce minerals from the leases simultaneously.
12. Rover's Douthit "115" (42231) Lease covers 40 acres and consists of the SW/4 of the NW/4 Section 115 and includes the interval from 3,500 feet to 3,841 feet.
13. The 40-acre SW/4 of the NW/4 of Section 115 is common to both Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and Rover's Douthit "115" (42231) Lease.
 - a. The 40-acre SW/4 of the NW/4 of Section 115 can be simultaneously or multiply assigned for proration purposes to Field Well Nos. 1, 2R, 3, 4, 101 and 9 located on both Rover's Douthit, E. W. -B- DE (41056) Lease and Rover's Douthit "115" (42231) Lease because these leases are assigned different depth intervals and have differing mineral ownership groups as required by Statewide Rule 40(g)(1)(B).
 - b. Since the two leases have different depth intervals and differing mineral ownerships, allowing the simultaneous or multiple assignment of the 40-acre SW/4 of the NW/4 of Section 115 to producing wells located on both leases within the Well Nos. 1, 2R, 3, 4, 101 and 9 proration unit will prevent confiscation and protect correlative rights because it will allow both sets of mineral owners to produce minerals from the leases simultaneously.
14. Rover presented evidence to satisfy the requirements of Statewide Rule 40(g) to allow the multiple assignment of the 80-acre S/2 of the SE/4 of Section 123 to Field wells located on both Rover's Douthit -C- (42230) Lease and Endeavor's Douthit -M- (41273) Lease, Well No. 3 because the leases have separate ownership intervals, therefore will prevent waste and confiscation and protect correlative rights.
15. Rover presented evidence to satisfy the requirements of Statewide Rule 40(g) to allow the multiple assignment of the forty (40) acre SW/4 of the NW/4 of Section 115 to Field wells located on both Rover's Douthit, E. W. -B- DE (41056) Lease, Well

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Nos. 1, 2R, 3, 4, 101 and 9 and Rover's Douthit "115" (42231) Lease because the leases have separate ownership intervals, therefore will prevent waste and confiscation and protect correlative rights.

16. This Final Order will apply to successor operators of both Rover's Douthit, E. W. -C (42230) Lease and to Endeavor Energy Resources' Douthit, E. W. -M- (41273) Lease, Well No. 3.
17. At the hearing, Rover agreed on the record that the Final Order in this docketed case is to be final and effective when a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice. See, e.g., *Tex. Gov't Code* §§ 2001.051, 052; 16 *Tex. Admin. Code* § 1.42.
2. The Commission has jurisdiction in this case. See, e.g., 16 *Tex. Nat. Res. Code* §81.051.
3. Pursuant to § 2001.144 (a)(4)(A) of the Texas Government Code and the agreement of the applicant on the record, the Final Orders in this case can be final and effective when a Master Order relating to the Final Orders is presented at Commission conference and signed by the Commissioners.
4. Approval of the multiple acreage assignments will prevent waste, prevent confiscation and protect the correlative rights of reserve owners and owners of interest in the Howard Glasscock (Consolidated) Field (Field No. 42971200) for Rover's 80 acres assigned to the Rover's Douthit, E. W. -C- (42230) Lease and to Endeavor Energy Resources' Douthit, E. W. -M- (41273) Lease, Well No. 3; and Rover's 40 acres assigned to Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and to Rover's Douthit "115" (42231) Lease. All leases are in the Howard, Glasscock (Consolidated) Field located in Howard County, Texas.

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RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission enter the Proposed Final Order approving Rover's Application for multiple assignments of the Rover's 80 proration acres assigned to the Rover's Douthit, E. W. -C- (42230) Lease and to Endeavor Energy Resources' Douthit, E. W. -M- (41273) Lease, Well No. 3; and Rover's 40 proration acres assigned to Rover's Douthit, E. W. -B- DE (41056) Lease, Well Nos. 1, 2R, 3, 4, 101 and 9 and to Rover's Douthit "115" (42231) Lease, also both in the Howard, Glasscock (Consolidated) Field, Howard County, Texas.

Respectfully submitted,

DocuSigned by:
Robert Musick
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Robert Musick, P.G.
Technical Hearings Examiner

DocuSigned by:
Jennifer Cook
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Jennifer N. Cook
Administrative Law Judge