

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

Oil and Gas Docket No. 01-0302640	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE NAYLOR JONES § UNIT 11, WELL NO. 1H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302641	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE NAYLOR JONES § UNIT 11, WELL NO. 2H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302642	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE NAYLOR JONES § UNIT 13, WELL NO. 1H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302643	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE NAYLOR JONES § UNIT 13, WELL NO. 2H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302644	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE NAYLOR JONES § UNIT 26, WELL NO. 2H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302646	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE NAYLOR JONES § UNIT 28, WELL NO. 1H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, § TEXAS

Oil and Gas Docket No. 01-0302647	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE NAYLOR JONES § UNIT 28, WELL NO. 2H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302648	§ THE APPLICATION OF AMMONITE OIL & GAS § CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE NAYLOR JONES § UNIT 31, WELL NO. 1H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302649	§ THE APPLICATION OF AMMONITE OIL & GAS § CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE BLOCK A UNIT, § WELL NO. 1H, EAGLEVILLE (EAGLE FORD-1) § FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302650	§ THE APPLICATION OF AMMONITE OIL & GAS § CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE BLOCK A UNIT, § WELL NO. 2H, EAGLEVILLE (EAGLE FORD-1) § FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302651	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE FOWLERTON § UNIT B, WELL NO. 1H, EAGLEVILLE § (EAGLE FORD-1) FIELD, MCMULLEN § COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302652	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR THE RIVER LOWE § RANCH WELL NO. 11H, EAGLEVILLE § (EAGLE FORD-1) FIELD, MCMULLEN § COUNTY, TEXAS §

Oil and Gas Docket No. 01-0302653	§ THE APPLICATION OF AMMONITE OIL & GAS § CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASEM-117248 FOR THE RIVER LOWE § RANCH WELL NO. 14H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302654	§ THE APPLICATION OF AMMONITE OIL & GAS § CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASEM-117248 FOR THE RIVER LOWE § RANCH WELL NO. 15H, EAGLEVILLE (EAGLE § FORD-1) FIELD, MCMULLEN COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302655	§ THE APPLICATION OF AMMONITE OIL & § GAS CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASEM-117248 FOR THE RIVER LOWE § RANCH WELL NO. 16H, EAGLEVILLE § (EAGLE FORD-1) FIELD, MCMULLEN § COUNTY, TEXAS §
Oil and Gas Docket No. 01-0302656	§ THE APPLICATION OF AMMONITE OIL & GAS § CORP PURSUANT TO THE MINERAL § INTEREST POOLING ACT FOR THE STATE § LEASE M-117248 FOR RIVER LOWE RANCH, § WELL NO. 17H, EAGLEVILLE (EAGLE FORD-1) § FIELD, MCMULLEN COUNTY, TEXAS

CONSOLIDATED FINAL ORDER

The Commission finds that after statutory notice the captioned proceeding was heard by an Administrative Law Judge and Technical Examiner (collectively, "Examiners") on January 25-26, 2017. The Examiners have circulated a Proposal for Decision and a Supplemental Proposal for Decision containing Findings of Fact and Conclusions of Law.

The Commission, after review and due consideration of the Applications, hereby **DENIES AND DISMISSES THE APPLICATIONS** based on the following **Findings of Fact and Conclusions of Law:**

Findings of Fact

1. Notice of the hearing was provided by mail to all interested parties at mailing addresses provided by the applicant at least 30 days prior to the hearing.
2. In addition, notice was published in the *Progress* on December 21, and 28, 2016 and January 4 and 11, 2017.
3. At various time on 2015, Ammonite sent voluntary pooling offers to EOG for each of the sixteen (16) proposed MIPA units in these dockets.
4. All sixteen (16) wells are classified as oil wells.
5. Ammonite proposed a unit of 550.02 acres for the EOG Naylor Jones Unit 26, Well No. 2H. Ammonite proposed units ranging in size from 43.6 to 98.64 acres for the other fifteen (15) wells.
6. Ammonite did not provide survey data or a metes and bounds description of the riverbed to establish the precise acreage to be force pooled into any of the sixteen (16) wells.
7. None of the sixteen (16) wells produce hydrocarbons from or drain the adjacent riverbed tracts.
8. At the hearing, Ammonite agreed with a greater charge for risk than the 10% listed in its voluntary pooling offer for each of the sixteen (16) wells if the Commission recommended same.
9. Formation of the proposed MIPA units for the sixteen (16) existing wells will not access or produce any of the hydrocarbon reserves under Ammonite's adjacent riverbed tracts.
10. Ammonite offered no expert witnesses or evidence of drainage areas of any wells.
11. Compulsory pooling will not prevent waste, protect Ammonite's correlative rights, or prevent the drilling of unnecessary wells. The applicant failed to meet its burden of proof to prove that the granting of the application is necessary to prevent waste, protect correlative rights, or avoid the unnecessary drilling of wells. In the record, there is simply no evidence showing that forced pooling these wells will prevent waste or protect correlative rights – the wells have been drilled and are producing; they do not and will not produce riverbed minerals.

Conclusions of Law

1. Pursuant to Texas Natural Resources Code 102.016, notice of the hearing was given to all interested parties by mailing the notices to their last known addresses at least 30 days before the hearing and, in the case of parties whose whereabouts were unknown, by publication of notice for 4 consecutive weeks in a newspaper of general circulation in the county where the proposed unit is located at least 30 days before the hearing.
2. Ammonite failed to make a fair and reasonable offer to voluntarily pool as required by Texas Natural Resources Code 102.013.
3. Force pooling will not prevent waste, protect correlative rights, or avoid the drilling of unnecessary wells as required by Texas Natural Resources Code 102.011.
4. The Commission lacks authority to issue a compulsory pooling order for the Naylor Jones Unit 26 No. 2H because Ammonite's proposed unit size exceeds the limits authorized by Texas Natural Resources Code 102.011 and cannot be reformed.
5. Because the applicant failed to meet its burden of proof to prove that the granting of the application is necessary to prevent waste, protect correlative rights, or avoid the unnecessary drilling of wells, the necessary pre-requisites for MIPA pooling have not been established. Ammonite's applications for all sixteen (16) units must be denied.

Therefore, it is **ORDERED** that the referenced applications of Ammonite Oil and Gas Corporation for the formation of pooled units pursuant to the Mineral Interest Pooling Act are hereby **DENIED AND DISMISSED**.

It is further **ORDERED** by the Commission that this Order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this Order shall not become final and effective until such motion is overruled, or if such motion is granted, this Order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date Commission Order is signed.

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

ENTERED in Austin, Texas, on this 7th day of November 2017.

RAILROAD COMMISSION OF TEXAS

Christi Craddick

CHAIRMAN CHRISTI CRADDICK

COMMISSIONER RYAN SITTON

Wayne Christian

COMMISSIONER WAYNE CHRISTIAN

ATTEST
Kathy Way

SECRETARY

