

**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DOCKET NO. 09-0304555  
MONTAGUE COUNTY, TEXAS**

**STIPULATION, AGREED SETTLEMENT AND FINAL CONSENT ORDER**

On this day the above-entitled and numbered docket came on for consideration by the Railroad Commission of Texas ("Commission"). The Commission, Mrs. Elizabeth Dunn, J.L. Davis, Davis Gas Processing, Inc (a wholly owned subsidiary of West Texas Gas, Inc.) and West Texas Gas, Inc. (also the "Named Respondents"), Western Gas Resources, Inc., Capital Southwest Corporation, Santos TPY Corp. and Honeywell International (also the "Other Respondents") have agreed to an informal disposition of the matters under this docket through this Stipulation, Agreed Settlement and Final Consent Order ("Agreed Order"). The Commission has authority to informally dispose of this contested case docket through a consent order pursuant to TEX. GOVT CODE ANN. § 2001.056.

IN COMPROMISE AND SETTLEMENT OF THIS DOCKET, the Commission, the Parties and the Named Respondents do hereby agree and stipulate as follows:

1. Notice of the hearing was provided by mail to all interested parties at mailing addresses provided by the parties.
2. The interested parties ("Interested Parties") are as follows: Mrs. Elizabeth Dunn, the Texas Railroad Commission, JL Davis, Davis Gas Processing and West Texas Gas (also the "Named Respondents"), Western Gas Resources, Inc., Capital Southwest Corporation, Santos TPY Corp. and Honeywell International (also the "Other Respondents")
3. The Commission and the Interested Parties agree that the Commission has jurisdiction over the operation of the Bowie Gas Plant and associated facilities, including the gathering system, and that the Commission's jurisdiction encompasses potential violations of the provisions of Chapter 91 of the Texas Natural Resources Code which pertain to safety or the prevention or control of pollution relating to or arising from operation of the Bowie Gas Plant, associated facilities and/or the associated gathering system.
4. Respondent Davis Gas Processing, Inc. is the current Commission-recognized operator of the Bowie Gas Plant and associated facilities under TEX. NAT. RES. CODE Chapter 91, and is responsible for the physical operation and control of the Bowie Gas Plant.

5. Respondent Davis Gas Processing, Inc. (a wholly owned subsidiary of West Texas Gas, Inc.) is the current Commission recognized operator of the gathering system, located in Montague County, Texas under TEX. NAT. RES. CODE ANN. Chapter 91 and is responsible for the physical operation and control of the gathering system associated with the Bowie Gas Plant in Montague County, Texas.
6. The Commission and the Interested Parties agree that the Commission has jurisdiction to issue this Order pursuant to the provisions of Rule 8 and Chapter 91 of the Texas Natural Resources Code which pertain to safety or the prevention or control of pollution and the protection of water.
7. On March 14, 1988, in Oil & Gas Docket 9-86,679 the Commission issued an Interim Order in which "Union Texas Petroleum and Capital Southwest Corporation, with the assistance of other parties," agreed to implement a proposed plume delineation and aquifer testing and pilot operation necessary to determine the feasibility and design of a full-scale program to remediate hydrocarbon pollution of groundwater identified in the area of the Bowie Gas Plant.
8. Subsequent to the issuance of the Interim Order, Western Gas Resources, Inc. entered into a private contractual agreement to conduct activities pursuant to the Interim Order on behalf of Union Texas Petroleum.
9. Pursuant to the Interim Order, activities have been conducted by Western Gas Resources, Inc. and Capital Southwest Corporation at the Bowie site subject to oversight by the Site Remediation Section, in the Operator Clean Up Program under OCP # 09-1771.
10. On October 31, 2017, Western Gas Resources, Inc. and Capital Southwest Corporation submitted a Work Plan for Site Closure of the Bowie site to the staff of the Site Remediation Section, in compliance with the directive of the Interim Order.
11. Davis Gas Processing, Inc. and West Texas Gas, Inc. agree to assume all obligations relating to or arising from regulatory compliance for the Bowie site under the Operator Clean Up Program matter identified as OCP # 09-1771, under the supervision and direction of the Site Remediation Section, including, but not limited to modification of the existing Work Plan for Site Closure.
12. The Commission, Davis Gas Processing, Inc. and West Texas Gas, Inc. agree that Davis Gas Processing, Inc. and West Texas Gas, Inc. assume all present and future responsibility for any activities, conditions or actions required under OCP No. 09-1771 and assume 100% responsibility for compliance with any and all applicable rules and statutes, and for any ongoing and future obligations relating to pollution

at the Bowie Gas Plant, associated facilities, the gathering system, and any other properties affected by contamination from the Bowie Gas Plant, associated facilities or the gathering system including, but not limited to, activity such as additional site investigation and remediation necessary to achieve final closure of the site. The Commission, Davis Gas Processing, Inc. and West Texas Gas agree that Davis Gas Processing, Inc. and West Texas Gas are the TEX. NAT. RES. CODE. §91.113(b) "responsible persons" for the control or cleanup of oil and gas wastes or other substances or materials associated with the operation of the Bowie Gas Plant and the gathering system.

13. No other party is a TEX. NAT. RES. CODE. §91.113(b) "responsible person" with respect to compliance with any applicable Commission rule or statute, or for any future obligations relating to pollution at the Bowie site, including, but not limited to, activity such as additional site investigation and remediation necessary to achieve final closure of the site.
14. The Interim Order in Oil & Gas Docket 09-86,679 is no longer necessary and is hereby terminated and is superseded by this Agreed Order.
15. No party objects to the issuance of this Agreed Order.
16. The Commission wishes to further the goals of safety and the prevention and control of pollution within the State of Texas.
17. No Interested Party makes any admission of any alleged violation, but all Interested Parties wish to address the Commission's concerns under the terms of this Agreed Order.
18. The Commission has considered any history of previous violations under Title Three of the Texas Natural Resources Code by any Interested Party, the seriousness of the alleged violation(s), any hazard to the health or safety of the public, and any demonstration of good faith by the Interested Parties and has determined that the facts of this case warrant an informal disposition of the Commission's concerns under the terms of this Agreed Order.
19. Neither the Commission Staff nor any other Interested Party has elected to avail themselves of the opportunity for public hearing.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by  
Hearings Division Unprotected Master Order  
dated May 22, 2018)

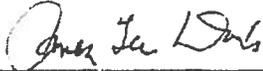
APPROVED AS TO FORM AND SUBSTANCE:



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Davis Gas Processing, Inc.  
By:  
(Title) *President*



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West Texas Gas, Inc.  
By:  
(Title) *Vice-President*



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James Lee Davis  
By: *James Lee Davis*  
(Title) *Manager*

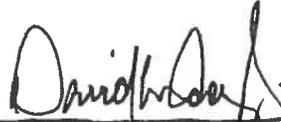
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Western Gas Resources, Inc.  
By:  
(Title)

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Capital Southwest Corporation  
By:  
(Title)

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Santos TPY Corp.  
By:  
(Title)

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Honeywell International  
Inc.  
By:  
(Title)

Agreed as to Form and Substance



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Railroad Commission Staff  
David W. Cooney, Senior Counsel

APPROVED AS TO FORM AND SUBSTANCE:

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Davis Gas Processing, Inc.  
By:  
(Title)

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West Texas Gas, Inc.  
By:  
(Title)

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James Lee Davis  
By:  
(Title)

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 3/8/18  
Western Gas Resources, Inc.  
By: TERRY GALT  
(Title) STATE ATTORNEY

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Capital Southwest Corporation  
By:  
(Title)

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Santos TPY Corp.  
By:  
(Title)

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Honeywell International Inc.  
By:  
(Title)

APPROVED AS TO FORM AND SUBSTANCE:

\_\_\_\_\_  
Davis Gas Processing, Inc.

By:  
(Title)

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West Texas Gas, Inc.

By:  
(Title)

\_\_\_\_\_  
James Lee Davis

By:  
(Title)

\_\_\_\_\_  
Western Gas Resources, Inc.

By:  
(Title)

Adam Friedman

Capital Southwest Corporation

By: Adam Friedman  
(Title) Attorney for Capital Southwest Corporation

David Gross

Santos TPY Corp.

By: DAVID GROSS  
(Title) ATTORNEY FOR SANTOS TPY CORP.

Diane K. Bounds

Honeywell International Inc.

By: Diane K. Bounds  
(Title) Attorney for Honeywell International, Inc