

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

Oil and Gas Docket No. 08-0309997

Application of Sinclair Oil & Gas Company (784548) and Four Sevens Operating Company (280617) Pursuant to the Mineral Interest Pooling Act for the Washington Unit, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas

Oil and Gas Docket No. 08-0310001

Application of Sinclair Oil & Gas Company (784548) and Four Sevens Operating Company (280617) Pursuant to the Mineral Interest Pooling Act for the Moss Unit, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas

Oil and Gas Docket No. 08-0310003

Application of Sinclair Oil & Gas Company (784548) and Four Sevens Operating Company (280617) Pursuant to the Mineral Interest Pooling Act for the Steers Nation Unit, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas

Oil and Gas Docket No. 08-0310004

Application of Sinclair Oil & Gas Company (784548) and Four Sevens Operating Company (280617) Pursuant to the Mineral Interest Pooling Act for the Goliad Unit, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas

Oil and Gas Docket No. 08-0310005

Application of Sinclair Oil & Gas Company (784548) and Four Sevens Operating Company (280617) Pursuant to the Mineral Interest Pooling Act for the Bauer Unit, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas

FINAL ORDER

The Railroad Commission ("RRC" or "Commission") finds that after statutory notice in the above-docketed cases, heard on May 18, 2018, the presiding Administrative Law Judge and Technical Examiner have made and filed a Proposal for Decision containing findings of fact and conclusions of law, which was served on all parties of record, and that this proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the Proposal for Decision and the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts the following findings of fact and conclusions of law.

Findings of Fact

1. Sinclair Oil & Gas Company and Four Sevens Operating Company (“Applicants” or “Sinclair and Four Sevens”) filed five applications (“Applications”) under the Mineral Interest Pooling Act (“MIPA”), requesting the Railroad Commission (“Commission”) approve pooling of all eligible mineral interests in approximately 8,000 total tracts of land into five (5) units, the Washington Unit, Moss Unit, Steers Nation Unit, Goliad Unit, and Bauer Unit, Spraberry (Trend Area) Field, Howard County, Texas.
2. On March 29, 2018, the Hearings Division of the Commission sent a Notice of Hearing on the Applications via first-class mail to all interested parties setting a hearing date of May 18, 2018. The notice contained: (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.
3. Notice of the hearing was also published in the *Big Spring Herald* on March 30, 2018; April 6, 2018; April 13, 2018; and April 20, 2018.
4. The hearing was held on May 18, 2018, as noticed. Consequently, all parties received more than 30 days’ notice.
5. Applicants appeared at the hearing and presented evidence and argument.
6. No one appeared at the hearing in opposition of Applicants’ Applications.
7. On or about March 8, 2018, Applicants sent a voluntary pooling offer to all mineral owners of unleased tracts within the boundaries of the proposed MIPA units. The unleased mineral owners were offered three options for inclusion of their interests in the proposed units: a lease option, a working-interest participation option, and a farm-out option.
 - a. The lease option included a 25% royalty and a bonus offer of _____ per net mineral acre, for a three-year primary term. The oil, gas, and mineral lease attached to the offer letter provided Applicants were authorized to pool the tract owner’s mineral interest into a pooled unit and drill a horizontal well beneath the surface of the leased premises.
 - b. The participation option provided each unleased owner an opportunity to participate as a working interest owner in the respective proposed unit. By choosing this option, the owner would be responsible for his or her proportionate share of the costs of drilling and completing the well or wells in the unit and would share proportionately in the production from the well. Each offer letter had as an attachment an AFE (Authorization

for Expenditure) indicating the estimated cost to complete and drill the relevant well.

- c. The estimated cost for each of the five wells ranges from \$5.7 million to \$8.4 million. The participation option stated that if the owner failed to fully pay his or her proportionate share of costs to Applicants within 15 days prior to commencement of actual drilling operations, then the owner would be subject to the non-consent penalties set forth in the standard Joint Operating Agreement (the "JOA") proposed by Applicant.
 - d. Applicants represented to each owner that the proposed JOA would not contain any of the following: (1) a preferential right of the operator to purchase mineral interests in the unit; (2) a call on or option to purchase production from the unit; (3) operating charges that may include any part of district or central office expenses other than reasonable overhead charges; or (4) a prohibition against non-operators questioning the operation of the unit.
 - e. The farm-out option proposed to each unleased owner that he or she convey to Applicants an 80% net revenue interest attributable to his or her mineral interest and retain an overriding royalty interest equal to 20% of 8/8ths, proportionately reduced to the extent that each owner's mineral interest bears to all the mineral interests in the unit, until payout of all well costs (to drill, test, fracture stimulate, complete, equip, and connect the well for production). At payout, the electing owner would have the option to convert the retained override to a 25% working interest, proportionately reduced. Only one owner, out of 2,000+ receiving this, accepted this proposition.
8. Applicant provided the essential terms of the participation option and the farm-out option in its offer letter. Applicant offered to provide a copy of its participation agreement and farm-out agreement to any mineral owner who was interested in one or both of those options, and posted them on its project website.
 9. Of the 8,000 offers made to mineral interest holders, 80 percent have accepted, the remaining 20 percent have failed to respond.
 10. Applicants' offer was fair and reasonable.
 11. The proposed units are all within the city limits of Big Spring, Texas.
 12. The tracts within the proposed MIPA units are embraced in all of the reservoirs which have been consolidated into the Spraberry (Trend Area) Field, a common reservoir of oil or gas for which the Commission has established the size and shape

of proration units. The Spraberry (Trend Area) Field is present and reasonably productive in the area covering all the proposed units.

13. The Spraberry (Trend Area) R40 EXC Field was discovered in 2013. This field has special field rules providing for 330-foot lease-line spacing, and there is no between-well spacing requirement. But for a 2015 field consolidation, an appropriate field of assignment for these applications would have been the Primero (Wolfcamp) Field, discovered in 1986.
14. Applicant estimated the EUR for the five proposed unit wells totaled 6,339,416 BOE in place beneath the proposed MIPA units.
15. Applicant cannot drill the proposed wells unless compulsory pooling is ordered as requested. The proposed wells cannot be drilled to their full planned length without traversing one or more unleased tracts.
16. There are no regular locations within the proposed unit where a feasible horizontal well could drain the proposed units.
17. Compulsory pooling within the proposed units as requested by Applicants will protect correlative rights and prevent waste. Without compulsory pooling, Applicant will not be able to drill the proposed wells, Applicants and its lessors will not have a reasonable opportunity to recover their fair share of hydrocarbons from the reservoir, and the underlying hydrocarbons will be left unrecovered.
18. Evidence supports a charge for risk of 100 percent of the drilling and completion costs of the proposed well.
19. Applicants stated on the record that it waived issuance of a Proposal for Decision and Applicants requested on the record that, so long as the order is not adverse, pursuant to Tex. Gov't Code §2001.146(e), the Final Order would become effective on the date that the Final Order is issued by the Commission.

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, Tex. Nat. Res. Code § 102.016, 16 Tex. Admin. Code §§ 1.41, 1.42, 1.45.
2. The Commission has jurisdiction over the parties and the subject matter and has authority to issue a compulsory pooling order. Tex. Nat. Res. Code § 102.011.

3. Applicants made a fair and reasonable offer to pool voluntarily the mineral owners of the unleased tracts within each of the proposed units, as required by Texas Natural Resources Code § 102.013.
4. Compulsory pooling of the owners of the unleased tracts within each of the proposed proration units as owners of a 25% royalty and 75% working interest, proportionately reduced, with these owners' share of expenses, subject to a charge for risk of 100%, payable only from the owners' working-interest component, and subject to a no-surface-use restriction, is fair and reasonable within the meaning of Texas Natural Resources Code §102.017.
5. Force pooling will prevent waste, protect correlative rights or avoid the drilling of unnecessary wells as required by the MIPA. Tex. Nat. Res. Code § 102.011.
6. The Commission's primary statutory duty is the prevention of waste, which is defined at Section 85.046(a)(6) of the Texas Natural Resources Code to include "physical waste or loss incident to or resulting from drilling, equipping, locating, spacing or operating a well or wells in a manner that reduces or tends to reduce the ultimate recovery of oil or gas from any pool." The MIPA must be construed on a case-by-case basis, but always consistent with the mandate to prevent waste. In these five cases, given their unusual and specific facts, unit sizes above those indicated in Tex. Nat. Res. Code § 102.011 are permissible.
7. In the absence of a Statewide Rule governing Commission application of the MIPA, the agency is left for guidance to its prior cases, the outcomes of which have varied widely to meet the exigencies of particular circumstances presented.
8. In order to accommodate new drilling technology inconceivable in 1965 when the MIPA statute was enacted, to meet the original intent of the Legislature to match the maximum possible unit sizes conforming with Commission rules and practice, to resolve ambiguity and conflict within the statutory wording, and to prevent waste, the Commission may broadly interpret the statute to allow the requested relief.

IT IS ORDERED that Sinclair Oil & Gas Company and Four Sevens Operating Company's five above-referenced applications for the formation of pooled units pursuant to the Mineral Interest Pooling Act for the Moss Unit, Bauer Unit, Goliad Unit, Washington Unit, and Steers Nation Unit are **GRANTED** to the extent, and subject to the terms and conditions included in Appendix 1 through Appendix 5 of this Order.

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

Each exception to the Proposal for Decision not expressly granted herein is overruled. 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.

ENTERED in Austin, Texas on this 30th day of October, 2018.

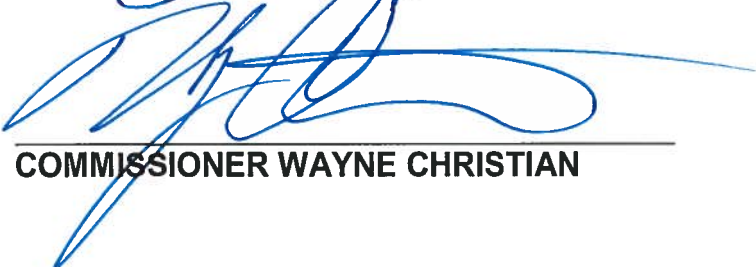
RAILROAD COMMISSION OF TEXAS



CHAIRMAN CHRISTI CRADDICK



COMMISSIONER RYAN SITTON



COMMISSIONER WAYNE CHRISTIAN

ATTEST




SECRETARY

Appendix 1

OIL AND GAS DOCKET NO. 08-0309997

THE APPLICATION OF SINCLAIR OIL & GAS COMPANY (784548) AND FOUR SEVENS OPERATING COMPANY (280617) PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE WASHINGTON UNIT, SPRABERRY (TREND AREA) R 40 EXC FIELD, HOWARD COUNTY, TEXAS

All interests, including working interests, royalty interests, and unleased mineral interests, in tracts within the area depicted in "Appendix 1A" to this Final Order are pooled into the Washington MIPA Unit, Well No. 1H, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas, the boundaries of which are shown and described in "Appendix 1A" to this Final Order. Those interests are pooled into a proration unit for the drilling of a horizontal well in the Spraberry (Trend Area) R 40 EXC Field at the approximate location shown on "Appendix 1A" to this Final Order. All interests in tracts within the unit area shown and described on "Appendix 1A" are pooled subject to the following terms and conditions:

TERMS AND CONDITIONS

1. The name of the unit is the Sinclair Oil & Gas Company Washington MIPA 1H Unit ("1H MIPA Unit").
2. The operator of the 1H MIPA Unit is Sinclair Oil & Gas Company.
3. The unit well is the well depicted on "Appendix 1A" to this Order.
4. The 1H MIPA Unit shall be effective on the date this Order becomes administratively final.
5. The 1H MIPA Unit is established for and limited to the depth interval correlative with the Spraberry (Trend Area) R 40 EXC Field.
6. For the purpose of determining the portion of production owned by the persons owning interests in the 1H MIPA Unit, the production shall be allocated to the respective unleased tracts and voluntary pooled units within the 1H MIPA Unit in the proportion that the number of surface acres of each bears to the number of surface acres included in the entire 1H MIPA Unit.
7. The interests of lessors in voluntary pooled units within the 1H MIPA Unit are pooled as royalty interests. The interests of Sinclair Oil & Gas Company and Four Sevens Operating Company are pooled as working interests.
8. The mineral interests of owners of all unleased tracts within the 1H MIPA Unit are pooled as owners of a 1/4 royalty interest and a 3/4 working interest,

Appendix 1

proportionately reduced. These owners' share of expenses, subject to a 100 percent charge for risk, is payable only from 3/4 of production and not from their entire mineral interest.

9. The operator shall make no surface use of the unleased tracts within the 1H MIPA Unit without the written consent of the unleased owner.
10. Sinclair Oil & Gas Company shall make a diligent effort to determine current addresses for all interest owners in the 1H MIPA Unit. Except as herein provided, payment of the appropriate pro rata share of the proceeds of production of the 1H MIPA Unit 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 Operating Agreement, which shall not include any provision prohibited in the Mineral Interest Pooling Act or contravene any provision of this Final Order.

Washington MIPA 1H 678.7 AC

WASHINGTON MIPA 1H CITY OF BIG SPRING HOWARD CO., TEXAS

Legend:

- BHU/SHL
- FTP/LTP
- Well Bore
- Unit Outline
- Surface Tract
- Acreage Committed
- Federal Acreage
- Acreage Uncommitted
- Major Road
- Union Pacific Ry. Company

Map Labels:

- DAWSON
- MIDLAND
- ANDREWS
- GAINES
- BORDEN
- HOWARD
- MARTIN
- GLASSCOCK
- STERLING
- CONE
- SCURRY
- MITCHELL
- Eastern Shelf

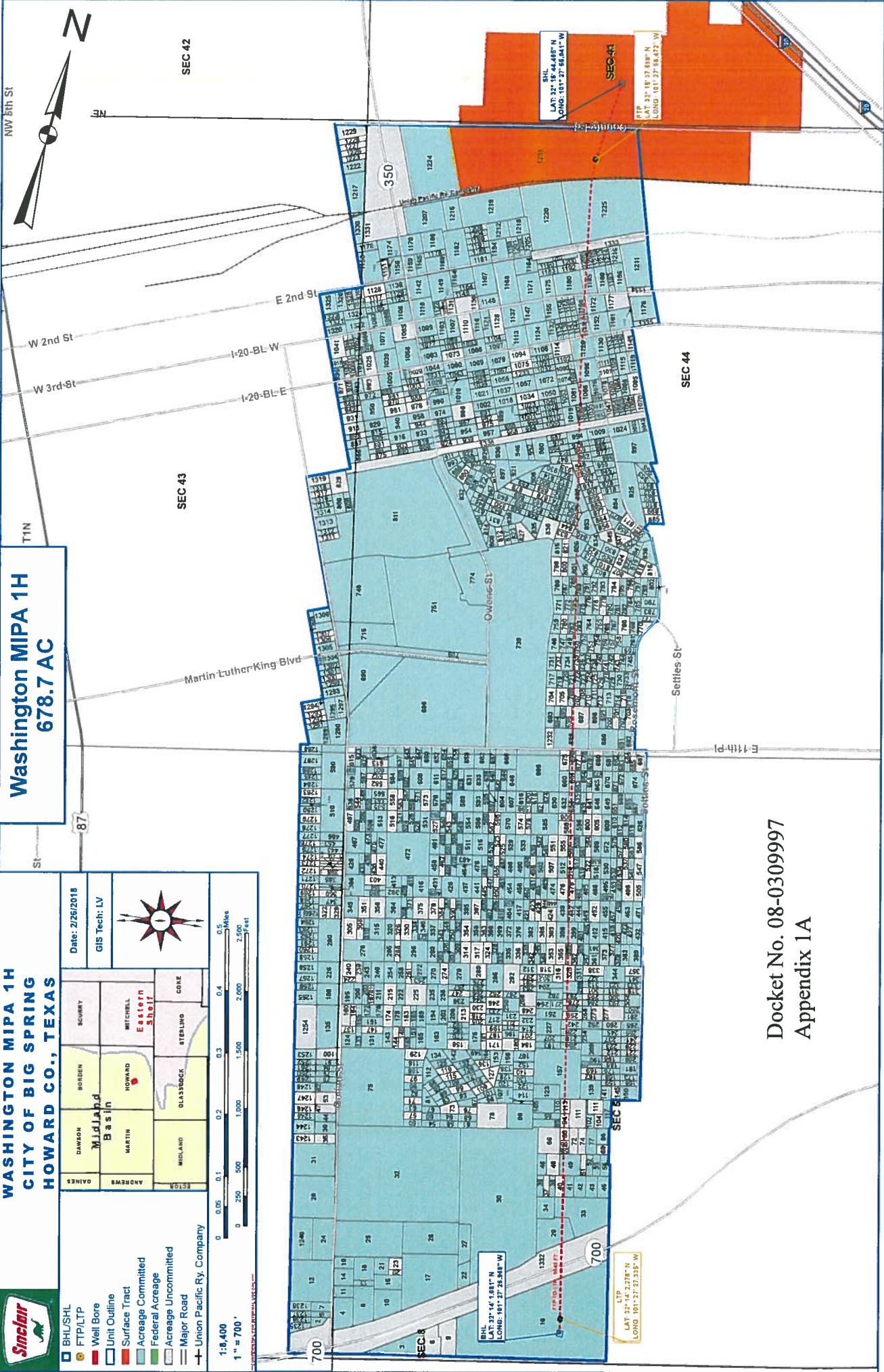
Metadata:

Date: 2/26/2018
GIS Tech: LV

Scale:
1:8,400
1" = 700'

Scale Bars:
0 0.05 0.1 0.2 0.3 0.4 0.5 Miles
0 250 500 1,000 1,500 2,000 2,500 Feet

North Arrow:



Docket No. 08-0309997
Appendix 1A

Appendix 2

OIL AND GAS DOCKET NO. 08-0310001

THE APPLICATION OF SINCLAIR OIL & GAS COMPANY (784548) AND FOUR SEVENS OPERATING COMPANY (280617) PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE MOSS UNIT, SPRABERRY (TREND AREA) R 40 EXC FIELD, HOWARD COUNTY, TEXAS

All interests, including working interests, royalty interests, and unleased mineral interests, in tracts within the area depicted in "Appendix 2A" to this Final Order are pooled into the Moss MIPA Unit, Well No. 1H, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas, the boundaries of which are shown and described in "Appendix 2A" to this Final Order. Those interests are pooled into a proration unit for the drilling of a horizontal well in the Spraberry (Trend Area) R 40 EXC Field at the approximate location shown on "Appendix 2A" to this Final Order. All interests in tracts within the unit area shown and described on "Appendix 2A" are pooled subject to the following terms and conditions:

TERMS AND CONDITIONS

1. The name of the unit is the Sinclair Oil & Gas Company Moss MIPA 1H Unit ("1H MIPA Unit").
2. The operator of the 1H MIPA Unit is Sinclair Oil & Gas Company.
3. The unit well is the well depicted on "Appendix 2A" to this Order.
4. The 1H MIPA Unit shall be effective on the date this Order becomes administratively final.
5. The 1H MIPA Unit is established for and limited to the depth interval correlative with the Spraberry (Trend Area) R 40 EXC Field.
6. For the purpose of determining the portion of production owned by the persons owning interests in the 1H MIPA Unit, the production shall be allocated to the respective unleased tracts and voluntary pooled units within the 1H MIPA Unit in the proportion that the number of surface acres of each bears to the number of surface acres included in the entire 1H MIPA Unit.
7. The interests of lessors in voluntary pooled units within the 1H MIPA Unit are pooled as royalty interests. The interests of Sinclair Oil & Gas Company and Four Sevens Operating Company are pooled as working interests.

Appendix 2

8. The mineral interests of owners of all unleased tracts within the 1H MIPA Unit are pooled as owners of a 1/4 royalty interest and a 3/4 working interest, proportionately reduced. These owners' share of expenses, subject to a 100 percent charge for risk, is payable only from 3/4 of production and not from their entire mineral interest.
9. The operator shall make no surface use of the unleased tracts within the 1H MIPA Unit without the written consent of the unleased owner.
10. Sinclair Oil & Gas Company shall make a diligent effort to determine current addresses for all interest owners in the 1H MIPA Unit. Except as herein provided, payment of the appropriate pro rata share of the proceeds of production of the 1H MIPA Unit 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 Operating Agreement, which shall not include any provision prohibited in the Mineral Interest Pooling Act or contravene any provision of this Final Order.

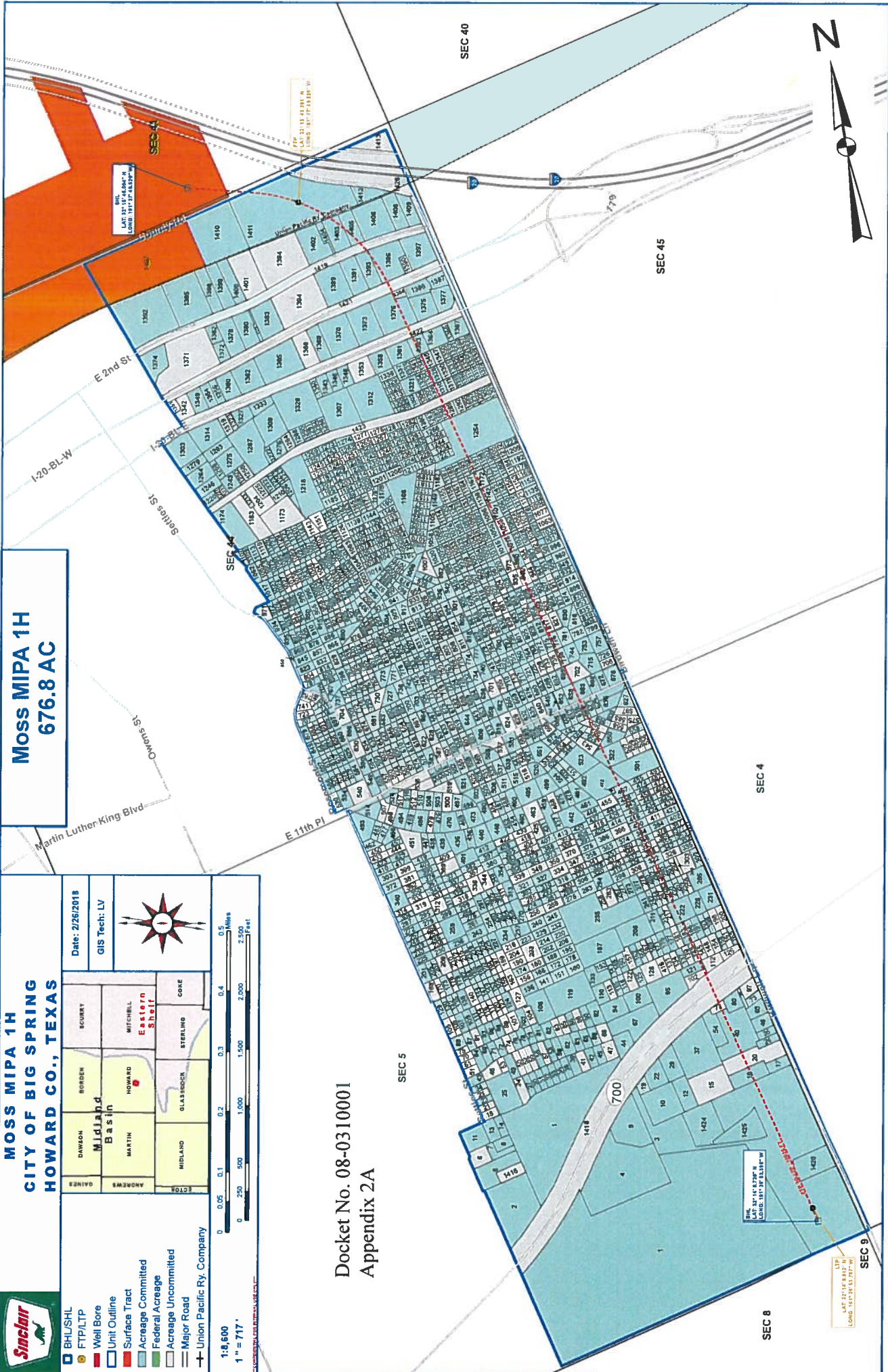


**MOSS MIPA 1H
CITY OF BIG SPRING
HOWARD CO., TEXAS**

BH/USHL	SECURITY	Date: 2/26/2018	GIS Tech: LV
FTP/LTP	BORDEN		
Well Bore	MJdLand		
Unit Outline	Basin		
Surface Tract	HOWARD		
Acreage Committed	MARTIN		
Federal Acreage	MIDLAND		
Acreage Uncommitted	GLASSBORO		
Major Road	STERLING		
Union Pacific Ry. Company	CORA		



**Moss MIPA 1H
676.8 AC**



Docket No. 08-0310001
Appendix 2A



BH/USHL
LTP
LAT: 31° 27' 43.817" N
LONG: 101° 17' 12.112" W

BH/USHL
LTP
LAT: 31° 27' 43.817" N
LONG: 101° 17' 12.112" W

BH/USHL
LTP
LAT: 31° 27' 43.817" N
LONG: 101° 17' 12.112" W

Appendix 3

OIL AND GAS DOCKET NO. 08-0310003

THE APPLICATION OF SINCLAIR OIL & GAS COMPANY (784548) AND FOUR SEVENS OPERATING COMPANY (280617) PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE STEERS NATION UNIT, SPRABERRY (TREND AREA) R 40 EXC FIELD, HOWARD COUNTY, TEXAS

All interests, including working interests, royalty interests, and unleased mineral interests, in tracts within the area depicted in "Appendix 3A" to this Final Order are pooled into the Steers Nation MIPA Unit, Well No. 1H, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas, the boundaries of which are shown and described in "Appendix 3A " to this Final Order. Those interests are pooled into a proration unit for the drilling of a horizontal well in the Spraberry (Trend Area) R 40 EXC Field at the approximate location shown on "Appendix 3A " to this Final Order. All interests in tracts within the unit area shown and described on "Appendix 3A " are pooled subject to the following terms and conditions:

TERMS AND CONDITIONS

1. The name of the unit is the Sinclair Oil & Gas Company Steers Nation MIPA 1H Unit ("1H MIPA Unit").
2. The operator of the 1H MIPA Unit is Sinclair Oil & Gas Company.
3. The unit well is the well depicted on "Appendix 3A " to this Order.
4. The 1H MIPA Unit shall be effective on the date this Order becomes administratively final.
5. The 1H MIPA Unit is established for and limited to the depth interval correlative with the Spraberry (Trend Area) R 40 EXC Field.
6. For the purpose of determining the portion of production owned by the persons owning interests in the 1H MIPA Unit, the production shall be allocated to the respective unleased tracts and voluntary pooled units within the 1H MIPA Unit in the proportion that the number of surface acres of each bears to the number of surface acres included in the entire 1H MIPA Unit.
7. The interests of lessors in voluntary pooled units within the 1H MIPA Unit are pooled as royalty interests. The interests of Sinclair Oil & Gas Company and Four Sevens Operating Company are pooled as working interests.

Appendix 3

8. The mineral interests of owners of all unleased tracts within the 1H MIPA Unit are pooled as owners of a 1/4 royalty interest and a 3/4 working interest, proportionately reduced. These owners' share of expenses, subject to a 100 percent charge for risk, is payable only from 3/4 of production and not from their entire mineral interest.
9. The operator shall make no surface use of the unleased tracts within the 1H MIPA Unit without the written consent of the unleased owner.
10. Sinclair Oil & Gas Company shall make a diligent effort to determine current addresses for all interest owners in the 1H MIPA Unit. Except as herein provided, payment of the appropriate pro rata share of the proceeds of production of the 1H MIPA Unit 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 Operating Agreement, which shall not include any provision prohibited in the Mineral Interest Pooling Act or contravene any provision of this Final Order.

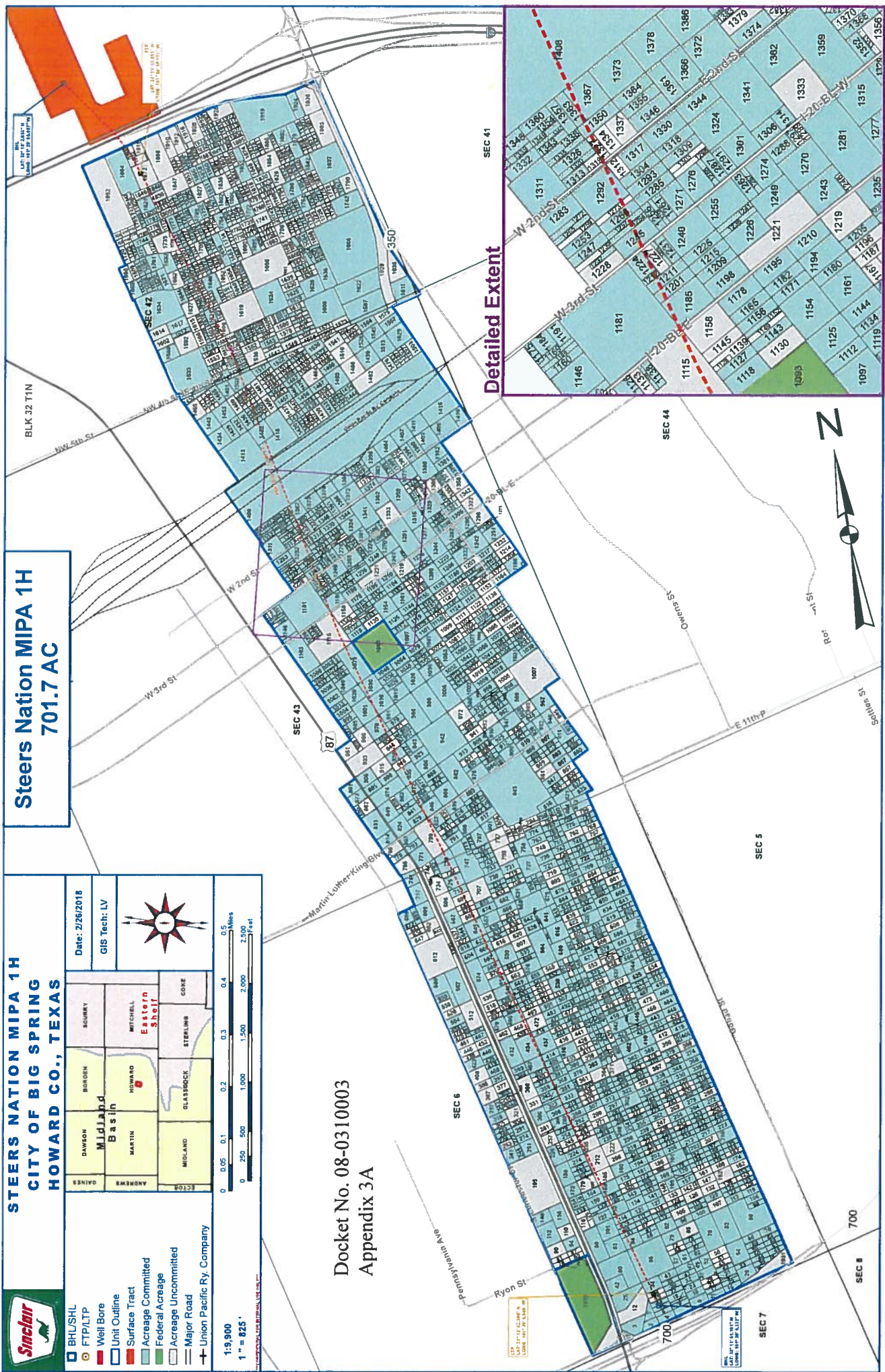
Steers Nation MIPA 1H 701.7 AC

STEEERS NATION MIPA 1H CITY OF BIG SPRING HOWARD CO., TEXAS



<ul style="list-style-type: none"> BH/SHL FTP/LTP Well Bore Unit Outline Surface Tract Acres Committed Federal Acreage Acres Uncommitted Major Road Union Pacific Ry. Company 	<p>Date: 2/26/2018</p> <p>GIS Tech: LV</p>	
<p>0 0.05 0.1 0.2 0.3 0.4 0.5 Miles</p> <p>0 250 500 1,000 1,500 2,000 2,500 Feet</p> <p>1" = 825'</p>	<p>ANDREWS GAINES</p> <p>DANSON</p> <p>BORDEN</p> <p>MIDLAND</p> <p>MARTIN</p> <p>HOWARD</p> <p>GLASSCOCK</p> <p>STERLING</p> <p>GOBE</p> <p>SCURRY</p> <p>MITCHELL</p> <p>Eastern Shelf</p>	<p>BLK 32 T1N</p> <p>W 2nd St</p> <p>W 3rd St</p> <p>W 4th St</p> <p>W 5th St</p> <p>W 6th St</p> <p>W 7th St</p> <p>W 8th St</p> <p>W 9th St</p> <p>W 10th St</p> <p>W 11th St</p> <p>W 12th St</p> <p>W 13th St</p> <p>W 14th St</p> <p>W 15th St</p> <p>W 16th St</p> <p>W 17th St</p> <p>W 18th St</p> <p>W 19th St</p> <p>W 20th St</p> <p>W 21st St</p> <p>W 22nd St</p> <p>W 23rd St</p> <p>W 24th St</p> <p>W 25th St</p> <p>W 26th St</p> <p>W 27th St</p> <p>W 28th St</p> <p>W 29th St</p> <p>W 30th St</p> <p>W 31st St</p> <p>W 32nd St</p> <p>W 33rd St</p> <p>W 34th St</p> <p>W 35th St</p> <p>W 36th St</p> <p>W 37th St</p> <p>W 38th St</p> <p>W 39th St</p> <p>W 40th St</p> <p>W 41st St</p> <p>W 42nd St</p> <p>W 43rd St</p> <p>W 44th St</p> <p>W 45th St</p> <p>W 46th St</p> <p>W 47th St</p> <p>W 48th St</p> <p>W 49th St</p> <p>W 50th St</p> <p>W 51st St</p> <p>W 52nd St</p> <p>W 53rd St</p> <p>W 54th St</p> <p>W 55th St</p> <p>W 56th St</p> <p>W 57th St</p> <p>W 58th St</p> <p>W 59th St</p> <p>W 60th St</p> <p>W 61st St</p> <p>W 62nd St</p> <p>W 63rd St</p> <p>W 64th St</p> <p>W 65th St</p> <p>W 66th St</p> <p>W 67th St</p> <p>W 68th St</p> <p>W 69th St</p> <p>W 70th St</p> <p>W 71st St</p> <p>W 72nd St</p> <p>W 73rd St</p> <p>W 74th St</p> <p>W 75th St</p> <p>W 76th St</p> <p>W 77th St</p> <p>W 78th St</p> <p>W 79th St</p> <p>W 80th St</p> <p>W 81st St</p> <p>W 82nd St</p> <p>W 83rd St</p> <p>W 84th St</p> <p>W 85th St</p> <p>W 86th St</p> <p>W 87th St</p> <p>W 88th St</p> <p>W 89th St</p> <p>W 90th St</p> <p>W 91st St</p> <p>W 92nd St</p> <p>W 93rd St</p> <p>W 94th St</p> <p>W 95th St</p> <p>W 96th St</p> <p>W 97th St</p> <p>W 98th St</p> <p>W 99th St</p> <p>W 100th St</p>

Docket No. 08-0310003
Appendix 3A



Detailed Extent

BLK 32 T1N
R10E W 26 S
UNIT 101 OF BLK 32

BLK 32 T1N
R10E W 26 S
UNIT 101 OF BLK 32

Appendix 4

OIL AND GAS DOCKET NO. 08-0310004

THE APPLICATION OF SINCLAIR OIL & GAS COMPANY (784548) AND FOUR SEVENS OPERATING COMPANY (280617) PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE GOLIAD UNIT, SPRABERRY (TREND AREA) R 40 EXC FIELD, HOWARD COUNTY, TEXAS

All interests, including working interests, royalty interests, and unleased mineral interests, in tracts within the area depicted in "Appendix 4A" to this Final Order are pooled into the Goliad MIPA Unit, Well No. 1H, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas, the boundaries of which are shown and described in "Appendix 4A " to this Final Order. Those interests are pooled into a proration unit for the drilling of a horizontal well in the Spraberry (Trend Area) R 40 EXC Field at the approximate location shown on "Appendix 4A " to this Final Order. All interests in tracts within the unit area shown and described on "Appendix 4A " are pooled subject to the following terms and conditions:

TERMS AND CONDITIONS

1. The name of the unit is the Sinclair Oil & Gas Company Goliad MIPA 1H Unit ("1H MIPA Unit").
2. The operator of the 1H MIPA Unit is Sinclair Oil & Gas Company.
3. The unit well is the well depicted on "Appendix 4A" to this Order.
4. The 1H MIPA Unit shall be effective on the date this Order becomes administratively final.
5. The 1H MIPA Unit is established for and limited to the depth interval correlative with the Spraberry (Trend Area) R 40 EXC Field.
6. For the purpose of determining the portion of production owned by the persons owning interests in the 1H MIPA Unit, the production shall be allocated to the respective unleased tracts and voluntary pooled units within the 1H MIPA Unit in the proportion that the number of surface acres of each bears to the number of surface acres included in the entire 1H MIPA Unit.
7. The interests of lessors in voluntary pooled units within the 1H MIPA Unit are pooled as royalty interests. The interests of Sinclair Oil & Gas Company and Four Sevens Operating Company are pooled as working interests.

Appendix 4

8. The mineral interests of owners of all unleased tracts within the 1H MIPA Unit are pooled as owners of a 1/4 royalty interest and a 3/4 working interest, proportionately reduced. These owners' share of expenses, subject to a 100 percent charge for risk, is payable only from 3/4 of production and not from their entire mineral interest.
9. The operator shall make no surface use of the unleased tracts within the 1H MIPA Unit without the written consent of the unleased owner.
10. Sinclair Oil & Gas Company shall make a diligent effort to determine current addresses for all interest owners in the 1H MIPA Unit. Except as herein provided, payment of the appropriate pro rata share of the proceeds of production of the 1H MIPA Unit 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 Operating Agreement, which shall not include any provision prohibited in the Mineral Interest Pooling Act or contravene any provision of this Final Order.

Appendix 5

OIL AND GAS DOCKET NO. 08-0310005

THE APPLICATION OF SINCLAIR OIL & GAS COMPANY (784548) AND FOUR SEVENS OPERATING COMPANY (280617) PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE BAUER UNIT, SPRABERRY (TREND AREA) R 40 EXC FIELD, HOWARD COUNTY, TEXAS

All interests, including working interests, royalty interests, and unleased mineral interests, in tracts within the area depicted in "Appendix 5A" to this Final Order are pooled into the Bauer MIPA Unit, Well No. 1H, Spraberry (Trend Area) R 40 EXC Field, Howard County, Texas, the boundaries of which are shown and described in "Appendix 5A" to this Final Order. Those interests are pooled into a proration unit for the drilling of a horizontal well in the Spraberry (Trend Area) R 40 EXC Field at the approximate location shown on "Appendix 5A" to this Final Order. All interests in tracts within the unit area shown and described on "Appendix 5A" are pooled subject to the following terms and conditions:

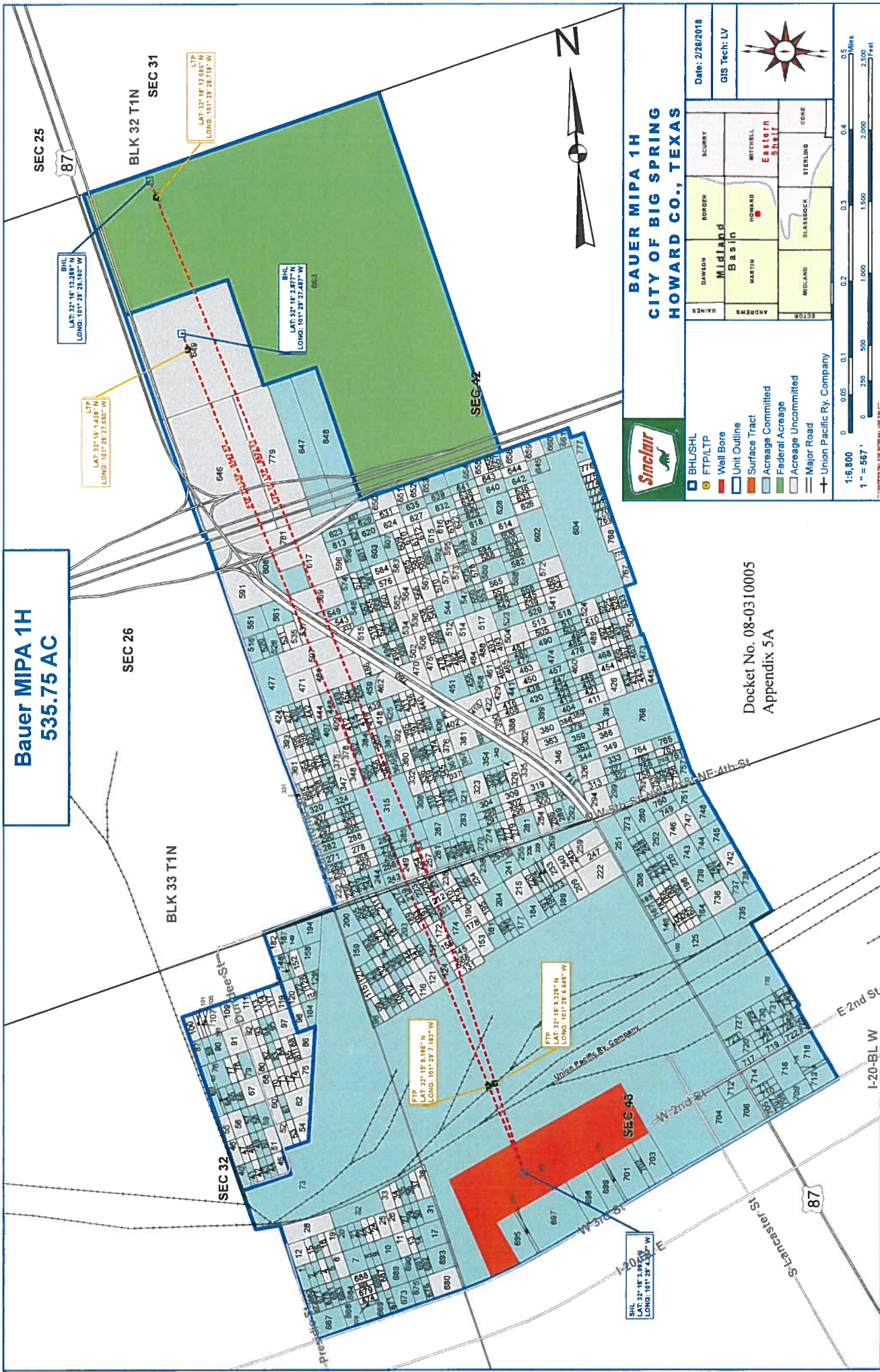
TERMS AND CONDITIONS

1. The name of the unit is the Sinclair Oil & Gas Company Bauer MIPA 1H Unit ("1H MIPA Unit").
2. The operator of the 1H MIPA Unit is Sinclair Oil & Gas Company.
3. The unit well is the well depicted on "Appendix 5A" to this Order.
4. The 1H MIPA Unit shall be effective on the date this Order becomes administratively final.
5. The 1H MIPA Unit is established for and limited to the depth interval correlative with the Spraberry (Trend Area) R 40 EXC Field.
6. For the purpose of determining the portion of production owned by the persons owning interests in the 1H MIPA Unit, the production shall be allocated to the respective unleased tracts and voluntary pooled units within the 1H MIPA Unit in the proportion that the number of surface acres of each bears to the number of surface acres included in the entire 1H MIPA Unit.
7. The interests of lessors in voluntary pooled units within the 1H MIPA Unit are pooled as royalty interests. The interests of Sinclair Oil & Gas Company and Four Sevens Operating Company are pooled as working interests.

Appendix 5

8. The mineral interests of owners of all unleased tracts within the 1H MIPA Unit are pooled as owners of a 1/4 royalty interest and a 3/4 working interest, proportionately reduced. These owners' share of expenses, subject to a 100 percent charge for risk, is payable only from 3/4 of production and not from their entire mineral interest.
9. The operator shall make no surface use of the unleased tracts within the 1H MIPA Unit without the written consent of the unleased owner.
10. Sinclair Oil & Gas Company shall make a diligent effort to determine current addresses for all interest owners in the 1H MIPA Unit. Except as herein provided, payment of the appropriate pro rata share of the proceeds of production of the 1H MIPA Unit 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 Operating Agreement, which shall not include any provision prohibited in the Mineral Interest Pooling Act or contravene any provision of this Final Order.

**Bauer MIPA 1H
535.75 AC**



**BAUER MIPA 1H
CITY OF BIG SPRING
HOWARD CO., TEXAS**

Date: 2/28/2018		GIS Tech: LV	
DAWSON	BORDEN	MIDLAND	SECURITY
ANDREWS	MARTIN	HOWARD	MITCHELL
ESQRA	MIDLAND	GLASSCOCK	ESTERIN
STERLING	CODE		

BH/USHL
 FTP/LTP
 Well Bore
 Unit Outline
 Surface Tract
 Acreage Committed
 Federal Acreage
 Acreage Uncommitted
 Major Road
 Union Pacific Ry. Company

1:6,800 0 0.05 0.1 0.2 0.3 0.4 0.5 Miles
 1" = 567' 0 250 500 1,000 1,500 2,000 Feet

Docket No. 08-0310005
Appendix 5A