

RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

HEARINGS SECTION

OIL AND GAS DOCKET No. 09-0261375

APPLICATION OF XTO ENERGY, INC. PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE PROPOSED ROSEN HEIGHTS 262.192045 ACRE POOLED UNIT, WELL NO. 1H, NEWARK, E. (BARNETT SHALE) FIELD, TARRANT COUNTY, TEXAS.

FINAL ORDER

The Commission finds that a hearing in the captioned proceeding was heard by the examiners on May 22, 2009 who have circulated a Proposal for Decision containing Findings of Fact and Conclusions of Law. Having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, those Findings of Fact and Conclusions of Law are hereby adopted and made a part hereof by reference with the exception of Finding of Fact No. 11 and Conclusion of Law Nos. 3 and 4. The Commission hereby adopts substitute Finding of Fact No. 11 and substitute Conclusions of Law No. 3 and 4 and new Conclusions of Law 5, 6 and 7 as set out below:

Substitute Finding of Fact No. 11. The proposed Rosen Heights Well No. 1H will not drain the 7.660689 acre tract owned by the Fort Worth Independent School District designated as Tract 727 for the proposed pooled unit.

Substitute Conclusion of Law No. 3. The voluntary pooling offer made by XTO to unleased interest owners was fair and reasonable as required under Texas Natural Resources Code Section 102.013.

Substitute Conclusion of Law No. 4. Compulsory pooling of the owners of the unleased tracts within the area of the proposed Rosen Heights Unit as owners of a 1/4th royalty and a 3/4ths working interest, proportionately reduced, with these owners' share of expenses, subject to a risk penalty of zero, payable only from 3/4ths of production, and subject to a no surface use restriction, is fair and reasonable within the meaning of Texas Natural Resources Code §102.017.

New Conclusion of Law No. 5. Compulsory pooling of all interests in the proposed Rosen Heights Unit, as herein ordered, will serve the purposes of protecting correlative rights and avoiding the drilling of unnecessary wells within the meaning of Texas Natural Resources Code §102.011.

New Conclusion of Law No. 6. Compulsory pooling, as ordered herein, meets all requirements of the Mineral Interest Pooling Act, Texas Natural Resources Code, Chapter 102, §102.001 *et seq.*

It is accordingly **ORDERED** that the application of XTO Energy, Inc. pursuant to the Mineral Interest Pooling Act for the proposed Rosen Heights Well No. 1H, Newark, E. (Barnett Shale) Field, Tarrant County, Texas is hereby **GRANTED** to the extent, and subject to the terms and conditions set forth in this order with the exception of the 7.660689 acre tract owned by the Fort Worth Independent School District designated as Tract 727 on Attachment A.

All interests in tracts within the area identified in Attachment A to this Final Order with the exception of the 7.660689 acre tract owned by the Fort Worth Independent School District designated as Tract 727, including working interests, royalty interests, and unleased mineral interests, are pooled into the Rosen Heights Unit. Well No. 1 to form a 254.52515 acre pooled unit out of the Andrew Card Survey, A-389, Thomas Hicks Survey, A-1819, Louis Cohen Survey, A-297, A. Vogt Survey, A-1587, and John Ringer Survey, A-1939, Newark, East (Barnett Shale) Field, in Tarrant County, Texas. These interests are pooled into a proration unit for the purpose of drilling a horizontal well in the Newark, East (Barnett Shale) Field with a lateral 4320 feet long as designated on Attachment A of this order, subject to the following terms and conditions.

TERMS AND CONDITIONS

1. The name of the unit is the XTO Energy, Inc. Rosen Heights Unit.
2. The operator of the unit is XTO Energy, Inc.
3. The unit well is the well depicted on Attachment A to this order.
4. The unit shall be effective on the date of this order.
5. The unit is established for and limited to the depth interval correlative with the Newark, East (Barnett Shale) Field.
6. The unit is established for and limited to the well bore identified by XTO Energy, Inc. as depicted in Attachment A.
7. For the purpose of determining the portion of production owned by the persons owning interests in the pooled unit, the production be allocated to the respective tracts within the unit in the proportion that the number of surface acres included within each tract bears to the number of surface acres included in the entire unit.
8. The interests of lessors of tracts within the unit are pooled as royalty interests.

9. The owners are all unleased tracts within the unit are pooled as owners of a 1/4th royalty and 3/4ths working interest, proportionately reduced. These owners share of expenses, subject to a zero risk penalty, are payable only from 3/4ths of production rather than from their entire mineral interest.
10. The unit operator shall make no surface use of the unleased tracts within the unit without the written consent of the unleased owner.
11. XTO Energy, Inc., shall make a diligent effort to determine current addresses for all interest owners in the unit. Except as herein provided, payment of the appropriate pro rata share of the proceeds of production of the unit well 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 §91.402 of the Texas Natural Resources Code, shall be held in escrow for the benefit of such owners and be subject to disposition in the manner provided by law.
12. 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 by the Mineral Interest Pooling Act or contravene any provision of this final order.
- Each exception to the examiners' 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.

Done this 18th day of August 2009, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS


CHAIRMAN VICTOR G. CARRILLO


COMMISSIONER ELIZABETH A. JONES



