

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

OIL & GAS DOCKET NO. 7C-0270895

**APPLICATION OF BARROW-SHAVER RESOURCES CO. FOR DISSOLUTION OF THE
K.W.B. STRAWN SANDS UNIT [KWB (13227) LEASE], K W B (STRAWN) FIELD, TOM
GREEN COUNTY, TEXAS**

FINAL ORDER

This proceeding having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. On November 18, 1991, Pyramid Energy, Inc., filed an application seeking unitization and secondary recovery authority approval from the Commission for the K.W.B. Strawn Sands Unit which is identified in Commission records as the KWB (13227) Lease, K W B (Strawn) Field, Tom Green County, Texas.
2. On February 4, 1992, in Oil & Gas Docket No. 7C-97357, the Commission approved unitization and secondary recovery authority for the K.W.B. Strawn Sands Unit.
3. On May 23, 2011, Barrow-Shaver Resources Co. filed an application for the Commission's approval of the dissolution of the K.W.B. Strawn Sands Unit.
4. Barrow-Shaver Resources Co. has acquired the right to operate certain of the wells on the former K.W.B. Strawn Sands Unit and carried on the Oil Proration Schedule for the KWB (13227) Lease, K W B (Strawn) Field, Tom Green County, Texas.
5. Barrow-Shaver Resources Co. has filed a Form P-6 application to subdivide Well Nos. 2, 2W, 18, 19, 20, 22, 23, 24, 25, 26, 43, 46, 49, 65, 69, 71, and 95 out of the KWB (13227) Lease and Forms P-4 to change the operator of these wells from Sonoran Energy, Inc., to Barrow-Shaver.
6. Dissolution of the K.W.B. Strawn Sands Unit by Commission order is required before the Form P-6 application to subdivide and the change of operator Form P-4 filed by Barrow-Shaver can be processed.

7. The Unit Agreement for the K.W.B. Strawn Sands Unit dated April 1, 1991, provided that the term of the Unit Agreement would be for the time that Unit Operations were conducted without a cessation of more than ninety (90) consecutive days, unless sooner terminated by the Working Interest Owners. The Unit Agreement provided further that the Unit Agreement could be terminated by the Working Interest Owners having a combined Unit Expense Participation of at least eighty-five percent (85%) whenever it was determined that Unit Operations were no longer profitable or feasible.
8. By Full Release of Oil and Gas Lease and Unit Agreement dated December 1, 2006, successors to the working interest in the K.W.B. Strawn Sands Unit, Sonoran Energy, Inc., and KWB Oil Trust, released the oil and gas leases which had been unitized and the Unit Agreement, relinquished and surrendered all of their interest in the leases and Unit Agreement and the lands they covered to the owners of the mineral estate and executive rights in the lands covered by the leases and Unit Agreement, and acknowledged that the leases and Unit Agreement had terminated for failure to produce in paying quantities.
9. Sonoran Energy, Inc. is the current operator of record of the KWB (13227) Lease, K W B (Strawn) Field, Tom Green County, Texas. Sonoran has executed the Form P-4 filed by Barrow-Shaver requesting a change of operator of Well Nos. 2, 2W, 18, 19, 20, 22, 23, 24, 25, 26, 43, 46, 49, 65, 69, 71, and 95 from Sonoran to Barrow-Shaver.
10. The K.W.B. Strawn Sands Unit has terminated.
11. Dissolution of the K.W.B. Strawn Sands Unit for the Commission's regulatory purposes will not result in any separate tract which is substandard under the optional 20-acre density rule applicable to the K W B (Strawn) Field.

CONCLUSIONS OF LAW

1. Issuance of notice of the application of Barrow-Shaver Resources Co. for dissolution of the K.W.B. Strawn Sands Unit is not required pursuant to Statewide Rule 38(d)(3) [16 TEX. ADMIN. CODE §3.38(d)(3)].
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. The application of Barrow-Shaver Resources Co. meets all requirements of the Commission for dissolution of the K.W.B. Strawn Sands Unit for the Commission's regulatory purposes.
4. Approval of the dissolution of the K.W.B. Strawn Sands Unit with the rules of the Commission applicable to each separate tract will not circumvent the density restrictions of Statewide Rule 38 [16 TEX. ADMIN. CODE §3.38] or any other Commission rule.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Barrow-Shaver Resources Co. is **GRANTED**, and the K.W.B. Strawn Sands Unit which is identified in Commission records as the KWB (13227) Lease, K W B (Strawn) Field, Tom Green County, Texas, is hereby dissolved, with the rules of the Commission applicable to each separate tract.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing 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 the parties are notified of the order.

Done this 27th day of June, 2011.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated
June 27, 2011)**