

**RAILROAD COMMISSION OF TEXAS**  
**HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 09-0284753**

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**APPLICATION OF VANTAGE FORT WORTH ENERGY LLC PURSUANT TO THE MINERAL INTEREST POOLING ACT FOR THE FORMATION OF A POOLED UNIT FOR THE ROSEDALE NORTH 9H MIPA UNIT, WELL NO. 9H, NEWARK, EAST (BARNETT SHALE) FIELD, TARRANT COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that, after statutory notice in the above-numbered docket heard on October 31, 2013, the examiners have made and filed a report and 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 Railroad Commission of Texas at 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 as its own the findings of fact and conclusions of law contained therein, except for Finding of Fact 26 and Conclusion of Law 4, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein. The Commission hereby adopts the following Substitute Finding of Fact 26 and Substitute Conclusion of Law 4:

Substitute Finding of Fact 26. Vantage presented evidence supporting a charge for risk of 50 percent of the drilling and completion costs of the respective well.

a. Vantage's engineering expert calculated the estimated ultimate recoveries for 353 Barnett Shale wells within a five-mile radius that had adequate production information for estimating ultimate recovery and completion information for estimating drainhole length. Assuming a gas price of \$3 per MCF and drilling and completion costs of \$4 million, he calculated that the production amount needed to recover the drilling and completion costs would be 1.7 BCF of gas. Almost 50 percent of the 353 wells had estimated ultimate recoveries of less than 1.7 BCF.

b. The seven private joint operating agreements under which Vantage is the operator of wells in this area of the Barnett Shale contain a charge for risk of 300 percent.

Substitute Conclusion of Law 4. Compulsory Pooling of the owners of the unleased tracts within each of the proposed proration units as owners of a 1/4th royalty and a 3/4th working interest, proportionately reduced, with these owners' share of expenses, subject to a risk penalty of 50 percent, 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.

Therefore, it is **ORDERED** that the application of Vantage Fort Worth Energy, LLC for the formation of a pooled unit pursuant to the Mineral Interest Pooling Act for the proposed Rosedale North 9H MIPA Unit, Well No. 9H, Newark, East (Barnett Shale Field), Tarrant County, Texas, is hereby **GRANTED** to the extent, and subject to the terms and conditions, set forth in this order.

All interests, including working interests, royalty interests, and unleased mineral interests, in tracts within the area depicted in Appendix 1 to this Final Order are pooled into the Rosedale North 9H MIPA Unit, the boundaries of which are shown in Appendix 1 and are described in Appendix 2 to this order. These interests are pooled into a proration unit for the drilling of a horizontal well in the Newark, East (Barnett Shale) Field at the location shown on Appendix 1 to this order. All interests in tracts within the unit area shown in Appendix 1 and described in Appendix 2 are pooled subject to the following terms and conditions:

#### **TERMS AND CONDITIONS.**

1. The name of the unit is the Vantage Fort Worth Energy, LLC Rosedale North 9H MIPA Unit.
2. The operator of the unit is Vantage Fort Worth Energy, LLC.
3. The unit well is the well depicted on Appendix 1 to this order.
4. The unit shall be effective on the date this order becomes administratively final.
5. The unit is established for and limited to the depth interval correlative with the Newark, East (Barnett Shale) Field.
6. For the purpose of determining the portion of production owned by the persons owning interests in the pooled unit, the production shall 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.
7. The interests of lessors of tracts within the unit are pooled as royalty interests. The interests of Vantage Fort Worth Energy, LLC in tracts within the unit are pooled as working interests.
8. The owners of all unleased tracts within the unit are pooled as owners of a 1/4th royalty interest and a 3/4ths working interest, proportionately reduced. These owners' share of expenses, subject to a 50 percent risk penalty, are payable only from 3/4ths of production and not from their entire mineral interest.
9. The operator shall make no surface use of the unleased tracts within the unit without the written consent of the unleased owner.

10. Vantage Fort Worth Energy, LLC 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 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 Operation Agreement, which shall not include any provision prohibited by the Mineral Interest Pooling Act or contravene any provision of this final order.

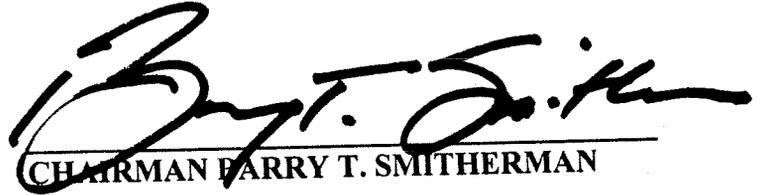
It is further **ORDERED** by the Commission that to the extent not granted above, the application of Vantage Fort Worth Energy, LLC in this docket is **DENIED**.

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 of 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 Texas Government 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.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. 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.

Done this 22nd day of April 2014.

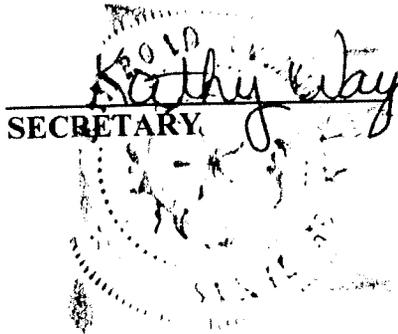
**RAILROAD COMMISSION OF TEXAS**

  
CHAIRMAN BARRY T. SMITHERMAN

  
COMMISSIONER DAVID PORTER

  
COMMISSIONER CHRISTI CRADDICK

ATTEST:

  
SECRETARY