RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL AND GAS DOCKET
NO. 7B-0297775

IN THE DYESS (FRY SAND) FIELD,
TAYLOR COUNTY, TEXAS

FINAL ORDER
APPROVING THE APPLICATION OF S&J OPERATING CO. TO CONSIDER UNITIZATION AND SECONDARY RECOVERY AUTHORITY FOR THE PROPOSED DYESS FRY UNIT, DYESS (FRY SAND) FIELD, TAYLOR COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket, on the application of Stephens & Johnson Operating Co., heard on October 28, 2015, the presiding examiners have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; 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 examiners' report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the proposed Dyess Fry Unit, Dyess (Fry Sand) Field, Taylor County, Texas, as shown by plat submitted, be and is hereby approved as a Unit for secondary recovery purposes, subject to the following terms and conditions:

1. The Railroad Commission of Texas retains all powers and duties with regard to conservation of oil and gas in this field, and no proration order of the Commission will be promulgated pursuant to the terms of the unit agreement; and the allocation formula for the wells included in the agreement shall remain and continue in full force and effect as if the agreement had not been approved.

2. The proration units as established for the individual wells within the unitized area prior to the approval of the unitization agreement are hereby adopted,

approved, and continued in effect for allowable allocation purposes for such wells unless the unit operator elects to revise the proration units.

3. For proration purposes, the unitized area will be considered a single tract. The unit operator shall file with the Railroad Commission, in addition to the production report for the unit, a supplemental production report for each individual tract that is committed to the unit where any non-unitized interest exists, showing all things pertinent so that the owner of such non-unitized interest may have access to public records showing the status of his interest. The Supplemental Production Reports will document oil and gas production volumes determined by the method set out in the adopted findings of fact. Any deviation from this method must be submitted to the Director of the Oil and Gas Division or his delegate for approval, with notice to the non-unitized interest owner.

4. In order to protect unsigned ownership, when 100% of the royalty and working interest owners in a tract have not joined the unit, the operator is not authorized to convert the last producing well on that tract to an injector unless an exception is granted after notice and hearing.

5. All injection authority and each injection well within the unitized area is hereby made subject to the terms and conditions of the Texas Water Code, §27.0511 if fresh water is used.

Further, it is **ORDERED** by the Railroad Commission of Texas that Stephens & Johnson Operating Co. is hereby authorized to conduct secondary recovery operations on the Dyess Fry Unit, Dyess (Fry Sand) Field, Taylor County, Texas, subject to the following terms and conditions:

1. All injection authority within the unitized area previously granted by the Commission is hereby made subject to the terms and conditions of this order and the Technical Permitting Section is hereby authorized to issue amended injection permits in accordance with normal procedure as necessary to reflect the terms and conditions contained in this order or as later directed by the Commission.

2. The operator may expand or modify the proposed injection facilities without additional hearing for Commission approval of such expansion or modification, with respect to secondary recovery authorization, but each injection well remains subject to the filing requirements of Statewide Rule 46 including Commission Form H-1, "Application to Inject Fluid Into a Reservoir Productive of Oil or Gas" for injection wells not previously permitted as such.

3. The unit operator must submit application for injection well permits to the Technical Permitting Section and receive such permits prior to commencing injection pursuant to this order.

Done this 8th day of December, 2015.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by Hearings Divisions' Unprotested Master Order dated December 8, 2015)