

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

**OIL AND GAS DOCKET
NO. 06-0257756**

**FINAL ORDER
APPROVING THE APPLICATION OF OPTIMAL UTILITIES, INC.
TO DISSOLVE THE TOPAZ WATERFLOOD UNIT
TOPAZ (CLARKSVILLE) FIELD
RED RIVER COUNTY, TEXAS**

The Commission adopts the following findings of fact and conclusions of law after examiner review in the above-numbered docket:

FINDINGS OF FACT

1. The Topaz Waterflood Unit was approved as a unit for secondary recovery purposes by Commission Final Order on March 23, 1999 in Docket No. 06-0221090. The Unit contains 1,558 acres in the Topaz (Clarksville) Field.
2. There has been no reported production from the Topaz Waterflood Unit since February 2006 when 68 BO was reported.
3. Topaz Mineral Operations, LLC, the previous operator of the Topaz Waterflood Unit, has filed a written acknowledgment of the termination of the unit as of a date no later than November 1, 2006.
4. The terms of the Unit Agreement provide that the agreement shall expire with respect to the leases covering the Unit Area at the end of one year after final cessation of production in paying quantities from the unit area.
5. Dissolution of the Topaz Waterflood Unit will result in the recognition of separate lease tracts, each comprised of at least 40 acres. Applicant Optimal Utilities, Inc. seeks designation as operator of five of these leases, each with one well currently.
6. None of the tracts resulting from dissolution of the Unit will be substandard under the Statewide Rules applicable to this field.
7. Notice is not required as the prior operator, Topaz Mineral Operations, LLC, has filed a written acknowledgment that the former Unit Agreement has terminated and has signed Form P-4s transferring operatorship of the five leases at issue to applicant, Optimal Utilities Inc. Further, each component tract of the Topaz Waterflood Unit is of standard size such that dissolution will not adversely affect the mineral development rights of the mineral owners of the tracts.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction and authority to issues this order.
2. The Unit Agreement for the Topaz Waterflood Unit has terminated.
3. An exception to Statewide Rule 38(d)(3) is not necessary as the dissolution of the Topaz Waterflood Unit will not result in any substandard tracts.
4. Dissolution of the Topaz Waterflood Unit on Commission records, with each component tract returning to its pre-unit status, will not harm correlative rights or circumvent Commission rules and will prevent the waste of hydrocarbons.

Therefore, it is ordered by the Railroad Commission of Texas that the application of Optimal Utilities , Inc. to dissolve the Topaz Waterflood Unit in the Topaz (Clarksville) Field, Red River County, Texas, is hereby approved and the Commission shall recognize Optimal Utilities, Inc as the operator of five new leases identified as follows and shown on the attached plat:

Duncan lease Well No. 1	41 acres
Cooper "A" lease Well No. 1	45 acres
Cooper "B" lease Well No. 9	42 acres
Cooper "C" lease Well No. 3	41 acres
Cooper "D" lease Well No. 6	40 acres

Done this 29th day of July, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated July
29, 2008)**