



IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. The Commission erred in adopting rules for allocation and Production Sharing Agreement (“PSA”) well permits without complying with the requirements of the Administrative Procedure Act, Tex. Gov’t Code § 2001.001 et seq., and further erred in applying those rules by issuing well permits for the Audioslave A 102H Well (the “Audioslave Well”).
2. The Commission erred in concluding it has no authority to review whether an applicant seeking a well permit has authority under a lease or other relevant title documents to drill the well.
3. The Commission erred in failing to consider the pooling clause of the lease covered by the Audioslave Well in deciding that Magnolia has a good faith claim to operate the well.
4. The Commission erred in finding that Magnolia showed a good faith claim of right to drill the Audioslave Well.
5. The Court remands this matter to the Commission for further proceedings consistent with this judgment.

IT IS FURTHER ORDERED that costs are to be borne by the party that incurred the cost.

This is a final judgment disposing of all claims and parties and is appealable.

SIGNED this 12th day of May, 2021.

  
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JUDGE KARIN CRUMP  
250<sup>TH</sup> DISTRICT COURT