

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

**OIL AND GAS DOCKET
NO. 7C-0272342**

**IN THE SPRABERRY (TREND AREA)
FIELD AND VARIOUS FIELDS,
ANDREWS, GLASSCOCK, HOWARD,
MARTIN AND MIDLAND COUNTIES,
TEXAS**

**FINAL ORDER
APPROVING BLANKET AUTHORITY FOR EXCEPTION TO
STATEWIDE RULE 10 FOR THE SPRABERRY (TREND AREA) FIELD
AND VARIOUS FIELDS, ANDREWS, GLASSCOCK
HOWARD, MARTIN AND MIDLAND COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 14, 2011, the presiding examiner has 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 examiner's 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 blanket authority for exception to Statewide Rule 10 is hereby approved for all wells in the Spraberry (Trend Area) Field and any combination of the fields listed in Attachment A.

For wells which are commingled in any combination of the subject fields after the effective date of this order, commingled production shall be assigned to the Spraberry (Trend Area) Field if a completion is made in that field. Otherwise, the field assignment will be at the operator's discretion.

Further, acreage assigned to wells on any leases for allocation of allowable shall not be assigned to any other well or wells projected to be completed or completed in any of the fields; such duplicate assignment of acreage is not acceptable, provided however, that this limitation shall not prevent the reformation of development or proration units so long as no duplicate assignment of acreage occurs, and further, that such reformation does not violate other conservation regulations.

The operator of any well downhole commingled in any combination of the subject fields shall file the appropriate drilling permit, completion forms, an abbreviated Statewide Rule 10 Data Sheet for Wells Subject to Fieldwide Statewide Rule 10 exception (See Attachment B) and shall file at the same time, the appropriate Commission required administrative Statewide Rule 10 exception downhole commingling fee.

Done this 24th day of January, 2012.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated
January 24, 2012)**

ATTACHMENT A (PAGE1)

The operator of any well downhole commingled in any combination of the subject fields shall file the appropriate drilling permit, completion forms, an abbreviated Statewide Rule 10 Data Sheet for Wells Subject to Fieldwide Statewide Rule 10 exception (See Attachment B) and shall file at the same time, the appropriate Commission required administrative Statewide Rule 10 exception downhole commingling fee. Such applications may be approved without notice and hearing. This provision shall apply to the following fields:

<u>FIELD NO.</u>	<u>FIELD NAME</u>
03547 150	Argonaut (Fusselman)
07629 300	Betty Sue (Devonian)
08044 100	Big Spring (Atoka)
08044 400	Big Spring (Fusselman)
08044 530	Big Spring (Mississippian)
08044 600	Big Spring (Strawn)
08044 800	Big Spring (Strawn, Lo.)
11751 400	Breedlove (Strawn)
11753 500	Breedlove, North (Devonian)
11756 600	Breedlove, South (Strawn)
11759 500	Breedlove, West (Devonian)
16559 500	Cedar Flats (Miss.)
23736 600	Deadwood (Strawn)
23739 500	Deadwood, West (Strawn)
25395 100	Dora Roberts (Consolidated)
25395 166	Dora Roberts (Devonian)
33154 200	Frysak Farms (Devonian)
41462 666	Hill Ranch (Miss)
45073 500	J. L. M. (Mississippian)
49790 500	Kiva (Dev)
56378 750	Mabee (Strawn)
61098 750	Midland, East (Strawn)
61104 333	Midland, W. (Atoka)
61104 666	Midland, West (Strawn)
61118 664	Midland Farms (Strawn)
61140 500	Mid-Mar (Strawn)
61143 800	Mid-Mar, East (Strawn)
62433 700	Mon Bak (Strawn)
69235 333	Parks, N. (Penn.)
69765 200	Paul Page (Atoka)
70877 200	Petey (Fusselman)
71021 430	Petty 48 (Upper Strawn)

ATTACHMENT A (PAGE 2)

<u>FIELD NO.</u>	<u>FIELD NAME</u>
79768 175	Sale Ranch (Fusselman)
85280 300	Spraberry (Trend Area)
85280 900	Spraberry (Trend Area Strawn)
85448 150	STA (Atoka)

**OXY FIELDS TO BE INCLUDED IN THE APPLICATION PER LETTER DATED
SEPTEMBER 28, 2011:**

<u>FIELD NO.</u>	<u>FIELD NAME</u>
55256 142	Lowe (Dean)
55256 030	Lowe (Atoka)
56378 666	Mabee (Dean)
56380 800	Mabee, North (Wolfcamp)
56822 875	Magutex (Wolfcamp)
56822 050	Magutex (Atoka)
79735 500	Saint Wilma (Strawn)

PROPOSED DATA SHEET FOR INDIVIDUAL WELLS
ATTACHMENT B

Rev. 06/17/2011

STATEWIDE RULE 10 EXCEPTION DATA SHEET

\$150.00 Fee Required

County Well Specific*

RRC District 08

Date XX/XX/2011

(1) Operator Name, Address, RRC ID No., Name & Phone No. of Contact Person

Operator Name Operator No. XXXXXX
Address Contact Person
City, State Zip Ph. No. (XXX)XXX-XXXX

Does the applicant request to receive all Commission correspondence concerning the administrative review of this application VIA EMAIL ONLY? If yes, indicate email address _____

(2) API# 42-XXX-XXXX Lease name & well # Provided per application.

(3) Field Information. Indicate the following for each field:

(a) Field name	<u>Spraberry (Trend Area)</u>	<u>Various Other Fields</u>
(b) Field number	<u>Dist. 7C: 85279200, Dist. 8: 85280300</u>	<u>See List</u>
(c) Oil or gas	_____	_____
(d) Spacing and density rules	<u>A complete list of fields is attached to</u>	
(e) Top allowable	<u>Docket No. 7C-0272342.</u>	
(f) Discovery date	_____	_____
(g) Depth	_____	_____
(h) Hydrogen sulfide status (Statewide Rule 36)	<u>Included on List of Fields.</u>	

(4) Indicate an instance (operator, lease, well no., or docket #) wherein the Commission has granted a Statewide Rule 10 Exception for these same zones (If none, all operators in all of the zones must be notified of this application.) Blanket Rule 10 Exception re Docket No. 7C-0272342.

(5) Is this well currently on the Commission's schedule as a multi-completed well in the zones cited above? _____
If not, explain well status in detail and indicate if Form W-1 has been filed for zones not on the schedule. _____

Indicate completion date of the subject well in each zone. _____

(6) Is this a regular location with respect to all zones for which the exception is requested? _____

(7) If the answer to item (6) is "NO", was a Rule 37 permit obtained? _____ If so, state the Rule 37 case Number. _____

(8) Are the Royalty and Working Interests identical with respect to all proposed combined zones in the well? Yes
This order will apply only where Royalty and Working Interests are identical for all applicable zones.

(9) Attach history of subject well including all of the following:

(a) Current producing capabilities for each zone _____
(b) Current shut-in BHP for each zone _____
(c) Method of determining shut-in BHP for each zone _____
(d) Anticipated drawdown pressure for each zone under commingled producing conditions _____
(e) Drawdown pressure for each zone under producing conditions without commingling _____

(10) Indicate estimated daily commingled production:

(a) Gas: _____ MCF/day
(b) Oil/Condensate: _____ BBL/day
(c) Water: _____ BBL/day

(11) Attach schematic diagram of current and proposed well completion. Indicate where production tubing will be set. Indicate the tops of cement for each string of casing. Indicate perforated depths and which perforations belong to which field.

(12) Attach a service list showing all affected operators. The applicant shall give notice by serving a copy of the application on all affected operators at the same time the application is filed with the commission. The applicant must certify on the application that each operator on the service list has been served notice via a copy of this application.

(13) Will combined production be artificially lifted? _____ Are any of the zones capable of being produced separately without artificial lift? _____ If so, indicate which zones. _____

(14) Attach a detailed summary as to why the well cannot be produced as a multi-completed well. Also, include detailed reasons for desiring the requested exception. _____

(15) Will cross-flow exist under flowing conditions if combined production is permitted? _____ Will cross-flow exist under shut-in conditions if combined production is permitted? _____ If cross-flow did exist in either case, would reservoir damage result? _____

(16) Present evidence that the fluids from all zones are compatible by answering the following:

(a) Will down-hole commingling cause scale build-up within the well? _____ Present any necessary evidence. _____

Will down-hole commingling cause any other damage to the well? _____ Present any necessary evidence. _____

(b) How will the operator monitor the issues addressed by item (a) above? _____

(17) Present evidence as to the additional recovery of hydrocarbons which will result from down-hole commingling. Also present evidence of the estimated recoverable reserves from each zone without commingling. Indicate the following:

- (a) Remaining recoverable reserves for each zone without commingling _____
- (b) Abandonment rate for each zone without commingling _____
- (c) Remaining recoverable reserves for each zone with commingling _____
- (d) Abandonment rate for each zone with commingling _____

(18) If commingling is not approved, what action will the operator take? _____

(19) Indicate the field that you request the commingled wellbore be assigned to for proration purposes (for first time application in these fields only) **If a completion is made in the Spraberry (Trend Area) Field it will be placed in such field, if a completion is not made in that field then the field choice is at the operator's discretion.**

Upon review of this application, the Commission may require additional information to be provided.

Filing instructions: File the original and any required attachments and fees with the Railroad Commission by hand delivery or mail to the following address:

RAILROAD COMMISSION OF TEXAS
ATTN: ENGINEERING UNIT
PO BOX 12967
AUSTIN TX 78711-2967

If you have been served notice of this application and you wish to request a hearing on this application, you must mail or fax (512-463-6780) a letter to the engineering unit in the Austin office stating your intent to appear in protest. A copy of this intent to appear in protest must also be mailed to the applicant on the same date. This intent to appear in protest must be received in the Railroad Commission's Austin office no later than 14 days following the date of this application at 5:00 PM.