

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

**OIL AND GAS DOCKET  
NO. 10-0266972**

**IN THE PANHANDLE, WEST FIELD,  
MOORE COUNTY, TEXAS**

**FINAL ORDER  
APPROVING THE APPLICATION OF PANTERA ENERGY COMPANY  
FOR EXCEPTION TO STATEWIDE RULE 38 IN THE  
PANHANDLE, WEST FIELD  
MOORE COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 28, 2010, the presiding 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; 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 proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own Findings of Fact Nos. 1 through 5, with the exception of No. 6, and Conclusions of Law Nos. 1 through 2, with the exception of No. 3, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein. The Commission adopts the following substitute Finding of Fact No. 6, substitute Conclusion of Law No. 3 and additional Conclusion of Law No. 4:

**Substitute Finding of Fact:**

6. The proposed B. A. Donaldson Lease, Well No. 2, will prevent waste.
  - a. The B. A. Donaldson Lease consists of two 320 acre tracts (the south half of Section 160 and the west half of Section 176) that are contiguous, but not adjacent.
  - b. Since the B. A. Donaldson 640 acre lease is contiguous but not side by side, there are 8 offset tracts to prevent drainage from instead of four offset tracts for a regular 640 acre section. There are no wells located on the B. A. Donaldson Lease in the south half of Section 160.
  - c. Structure and gross thickness isopach maps of the study area show that north of the B. A. Donaldson Lease in Section 160 a fault runs west to east. The structure is higher to the south of the fault and the Brown Dolomite is almost 500 feet thick, which is twice the thickness that occurs north of the fault.

- d. Many of the older wells did not penetrate the entire Brown Dolomite formation pay section and there is an estimated 6.1 BCFG of stranded reserves left to be produced from the Brown Dolomite formation from the deeper zones on the portion of the B. A. Donaldson Lease in the south half of Section 160.
- e. The stranded reserves will not be recovered by any existing wells or by any potential additional regular well.
- f. The fault bisecting Section 160 in combination with the geometric configuration of the B. A. Donaldson Lease constitute an unusual condition stranding gas that would not be recovered, but for the proposed well.

**Substitute Conclusions of Law:**

- 3. Approval of the requested Statewide Rule 38 exception is not necessary to protect correlative rights.
- 4. Approval of the requested Statewide Rule 38 exception is necessary to prevent the waste of a substantial volume of gas.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Pantera Energy Company for a density exception permit under the provisions of Statewide Rule 38 to drill Well No. 2, on the B. A. Donaldson Lease, containing 640 acres of land in Sections 160 and 176, Block 3T, T&NO Survey, in the Panhandle, West Field, Moore County, Texas, as shown by plat submitted, be and is hereby **APPROVED**; and applicant is granted permission to drill Well No. 2 on the B. A. Donaldson Lease, located as follows:

B. A. Donaldson Lease, Well No. 2  
1,281 feet FWL and 1,250 feet FSL of the Lease  
1,281 feet FWL and 1,250 feet FSL of Section 160

**CONDITIONS**

- 1. **Producing Well:** Statewide Rule 16 requires that the operator submit a Form W-2 (oil well) or Form G-1 (gas well) to the appropriate Commission district office within thirty (30) days after completion of such well. Completion of the well in a field authorized by this order voids the order for all other fields included in the order unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date of this order.
- 2. **Intention to Plug:** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging

operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

**3. Plugged Wells:** Should this well ever be plugged and abandoned, the Commission will consider such plugging and abandonment as prima facie evidence that production from said well is no longer necessary to prevent confiscation of applicant's property or to prevent waste; and upon such plugging and abandonment, the authority for such well as granted under this permit shall cease.

**4. Permit Expiration:** This permit expires two (2) years from the date this order becomes administratively final. The permit period will not be extended.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after it is actually mailed to the parties by the Commission. A party is presumed to have been notified of the Commission's order 3 days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest within such 20-day period after the party's presumed notice, 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 TEX. GOV'T 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 order is served on the parties.

Done this 5<sup>th</sup> day of April, 2011.

**RAILROAD COMMISSION OF TEXAS**

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**CHAIRMAN ELIZABETH A. JONES**

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**COMMISSIONER DAVID PORTER**

**ATTEST:**

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**Secretary**