

**RAILROAD COMMISSION OF TEXAS
LEGAL DIVISION
OIL AND GAS SECTION**

RULE 37 CASE NO. 0205273

**RE: APPLICATION OF KEY
PRODUCTION COMPANY FOR AN
EXCEPTION TO STATEWIDE RULE 37
FOR ITS WELL NO. 3, HARRISON
CREEK FARM, EAST TEXAS FIELD,
GREGG COUNTY, TEXAS**

FINAL ORDER

The Railroad Commission of Texas has received and docketed this application for a spacing exception permit under the provisions of Statewide Rule 37 and makes the Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. Notice of hearing was sent on April 29, 1994, to all designated operators, lessees of record for tracts having no designated operator, and owners of record of unleased mineral interests, for each adjacent tract and each tract nearer than 330 feet to the proposed location.
2. Applicant has applied on Form W-1 to drill Well No. 3, the third proposed well on its Harrison Creek Farm tract at a location 233 feet from the south line of the tract and 488 feet from the east line of the tract, and 2300 feet from the south line of the John Ruddle Survey A-176 and 1107 feet from the east line of the survey. The proposed location is at least 233 feet from any portion of the lease and at least 467 feet from the nearest proposed well on the tract. The lease is located one-quarter mile west of Longview, Texas.
3. Proposed Well No. 3 will be the third producing well on the 18 acre Harrison Creek Farm tract and is located in the most sparsely drilled area of the tract.
4. There is sufficient productive acreage to comply with the Commission's five-acre density rule.
5. Field rules require a lease line spacing of 330 feet, a spacing of 660 feet between wells on the same or adjacent tracts, and a density of ten (10) acres per well; a Commission Order approved on July 1, 1957, provides that exceptions to Statewide Rule 37 may be granted for additional wells on an edge tract to prove up five additional productive acres at a location 233 feet from the nearest property line and 467 feet from the nearest producing well on the same tract.
6. No protest was filed and no person appeared in protest at the hearing; AMOCO specifically waived any objection to the proposed location.

CONCLUSIONS OF LAW

1. Timely and legally sufficient notice was given to all persons legally entitled thereto.
2. Applicant properly filed Railroad Commission Form W-1.
3. The Railroad Commission has jurisdiction over the applicant and the subject matter of the application.
4. The proposed location is reasonable.
5. Applicant has met the requirements of the June 24, 1957, Rule 37 and Density Policy for East Texas Field Applications, to obtain an exception to Rule 37 in the East Texas Field.
6. The proposed well may be approved under Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.37(h)(2) [Statewide Rule 37(h)(3)].

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Key Production Company for an exception to the provisions of Statewide Rule 37 to drill Well No. 3 on the 18-acre Harrison Creek Farm, John Ruddle Survey A-176, in the East Texas Field, Gregg County, one-quarter mile in a westerly direction from Longview, Texas, as shown by plat submitted be and is hereby **APPROVED**; and applicant is granted permission to drill Well No. 3, which will be located as follows, subject to the conditions listed below:

233 feet from the south line of the Harrison Creek Farm tract and 488 feet from the east line of the tract, and;

2300 feet from the south line of the John Ruddle Survey A-176, and 1107 feet from the east line of the survey.

CONDITIONS

1. **Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water as defined by the Texas Water Commission. Before drilling a well, the operator must obtain a letter from the Texas Water Commission stating the depth to which water needs protection. Write: Texas Water Commission, Surface Casing, P. O. Box 13087, Capitol Station, Austin, Texas 78711-3087. File a copy of the Water Commission letter with the appropriate district office.

2. **Permit at Drilling Site.** A copy of the Form W-1 (Drilling Permit Application), the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout the drilling operations.
3. **Notification of Setting Casing.** The operator MUST call in notification to the appropriate district office a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification MUST be able to advise the district office of the docket number.
4. **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.
5. **Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or noncommercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).
6. **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.
7. **Notification of Plugging a Dry Hole.** The operator MUST call to notify the appropriate district office a minimum of four (4) hours prior to beginning plugging operations. The individual giving notification MUST be able to advise the district office of the docket number and all water protection depths for that location as stated in the Water Commission letter.
8. **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.

9. **Permit Expiration.** This permit expires two (2) years from the date this order becomes administratively final, unless actual drilling operations have begun. The permit period will not be extended.

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.

Done this _____ day of _____, 1994.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY