

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

**RULE 37 CASE NO. 0207208
DISTRICT 03**

**RE: APPLICATION OF KAISER-FRANCIS
OIL COMPANY FOR A SPACING
EXCEPTION TO STATEWIDE RULE 37
TO DRILL THE WIRT DAVIS ESTATE
UNIT WELL NO. 5, LEGGETT
(WOODBINE) AND WILDCAT FIELDS,
POLK COUNTY, TEXAS**

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on January 24, 1995, the presiding examiner 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. At the request of the parties, this case was re-opened on July 24, 1995, and a Rule 37 location was jointly proposed by applicant, Kaiser-Francis Oil Company and protestant, Mitchell Energy Corporation, waiving any requirement to circulate a revised proposed order. No other protestants remain in the case. 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 findings of fact and conclusions of law contained herein, hereby adopts as its own the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. At least ten days notice of this hearing was given to all designated operators, lessees of tracts with no designated operator, and all owners of record of unleased mineral interests of each adjacent tract and each tract nearer than 1867 feet to the applied-for well. Additionally, the applicant published notice of the application in the Polk County Enterprise on December 8, 15, 22, and 29, 1994.
2. An exception to Rule 37 is required for the proposed well because the well will be located 660' from the second most easterly north line (of four) and 1530' from the second most northerly east line (of four) of the Wirt Davis Estate Unit.

3. Field rules for the Leggett (Woodbine) Field are:

1867' from lease line spacing / 3735' between well spacing / 640 acre density / 10% tolerance acreage / 100% deliverability.
4. There are two wells on the Wirt Davis Estate Unit in the Leggett (Woodbine) Field, the No. 1 and the No. 3, which have both been temporarily abandoned since June, 1993.
 - a. The Wirt Davis G/U No. 1 has produced 5.3 bcf of gas and 281,000 barrels of condensate.
 - b. The Wirt Davis G/U No. 3 has produced 3 bcf of gas and 226,000 barrels of condensate.
5. It is undisputed that neither of the existing wells on the Wirt Davis Estate Unit can recover the remaining reserves underlying the unit in the Leggett (Woodbine) Field.
6. It is undisputed that Kaiser-Francis is entitled to recover 1.6 bcf of gas underlying its unit.
7. It is undisputed that a well drilled at a regular location cannot recover the remaining reserves underlying the Wirt Davis Unit in the Leggett (Woodbine) Field.
8. The location jointly proposed by Kaiser-Francis and Mitchell is reasonable because it will allow Kaiser-Francis an opportunity to recover the remaining reserves underlying its unit and will protect correlative rights.

CONCLUSIONS OF LAW

1. The application on Railroad Commission Form W-1 was properly filed.
2. Proper notice was issued by the Railroad Commission to appropriate persons legally entitled to notice.
3. All things have been done and have occurred to give the Railroad Commission jurisdiction to decide this matter.
4. The location jointly proposed by Kaiser-Francis and Mitchell is reasonable and necessary to afford the applicant a reasonable opportunity to recover its share of hydrocarbons underlying its tract, thereby preventing confiscation.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Kaiser-Francis Oil Company for a lease-line spacing exception permit under the provisions of Statewide Rule 37 and a permit to drill Well No. 5, Wirt Davis Estate Unit, for the Leggett (Woodbine) and Wildcat Fields, Polk County, as shown by amended W-1 and plat submitted, be and is hereby **APPROVED** at the following location:

660' from the second most easterly north line (of four) and 1530' from the second most northerly east line (of four) of the Wirt Davis Estate Unit and

660' from the southerly north line (of two) and 682' from the east line of the William Johns A-39 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.

It is further **ORDERED** by the Commission that this order shall not be final until 20 days after it is actually mailed to the parties by the Commission; provided that if a motion for rehearing of the application is filed by any party at interest within such 20-day period, this order shall not become final until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission.

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.

Done this _____ day of _____, 19_____.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY