

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
OIL AND GAS SECTION**

**RULE 37 CASE NO. 0210717
DISTRICT 6E**

**APPLICATION OF FALCON
RESOURCES, INC. FOR A RULE 37
EXCEPTION TO PLUG BACK WELL
NO. 4-R, MONROE HOLT, ET AL.
LEASE, EAST TEXAS FIELD, RUSK
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 following findings of fact and conclusions of law:

FINDINGS OF FACT

1. At least ten (10) days notice was given all affected operators in the field, all affected, adjacent lessees and the mineral interest owner(s) of each adjacent, unleased tract.
2. Field rules for the East Texas Field are: 330'/660'/5 acres.
3. The proposed well requires a Rule 37 exception in the East Texas Field because it is located 299' from the nearest well on the same lease completed in the subject reservoir.
4. The subject application was unopposed.
5. The proposed well will be the third producing well in the subject reservoir on the 21.15 acre Monroe Holt, et al. Lease.
6. Applicant does not have an interest in any other well producing from the East Texas Field in the drainage area of the subject lease.
7. The recoverable oil in place in the East Texas Field under the subject lease is 189,000 stock tank barrels of oil (BSTO).

8. The existing wells will recover ultimately 97,344 BSTO.
9. Remaining recoverable reserves that will not be recovered by any existing well on the subject lease are 91,656 BSTO.
10. The proposed well is expected to recover 92,373 BSTO.

CONCLUSIONS OF LAW

1. Proper notice of this application was given as set out in all applicable codes and regulatory statutes.
2. The application on Railroad Commission Form W-1 was properly filed.
3. All things have occurred or have been accomplished to give the Railroad Commission jurisdiction to decide this matter.
4. The proposed well is at a reasonable location and will prevent confiscation of applicant's hydrocarbons in the East Texas Field.

Therefore, under the authority of TEX. NAT. RES. CODE ANN. §85.202 (1978) it is **ORDERED** by the Railroad Commission of Texas that the application of Falcon Resources, Inc. for a spacing exception permit under the provisions of Statewide Rule 37 to plug back Well No. 4-R, Monroe Holt et al. Lease, containing 21.15 acres of land within the Daniel Clark Survey, for the East Texas Field, Rusk County, being six miles south from Kilgore, Texas, as shown by plat submitted, be and is hereby **APPROVED**; and applicant is **GRANTED** permission to plug back Well No. 4-R, which will be located as follows, subject to the conditions listed below:

304' FWL and 322' FNL of lease
7700' FSL and 2650' FEL of 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.

Done this _____ day of _____, 1996.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY