

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

**RULE 37 DOCKET
NO. 0212143**

**RE: APPLICATION OF AMOCO PRODUCTION
COMPANY FOR AN EXCEPTION TO
STATEWIDE RULE 37 FOR ITS WELL NO. 4,
HAWKINS CREEK FARM LEASE, EAST
TEXAS FIELD, GREGG COUNTY, TEXAS**

FINAL ORDER

The Railroad Commission of Texas finds that after statutory notice in the above-numbered docket heard on May 13, 1996, that the proposed application is in compliance with all legal requirements, and that this proceeding was duly submitted to the Commission at conference held in its offices in Austin, Texas. The Commission, after review and due consideration of the examiner's recommendation adopts the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. At least ten days notice was given to the designated operator, all lessees of record for tracts that have no designated operator and all owners of record of unleased mineral interests for each adjacent tract and each tract nearer to the well than 233 feet.
2. Amoco Production Company has applied to drill its Well No. 4 on its Hawkins Creek Farm Lease in the East Texas Field ("subject lease" and "subject well") on Form W-1 filed April 8, 1996.
3. The subject lease contains 18 acres and three producing wells in the East Texas Field. The subject lease is an "edge tract" in that there are no producing wells to the east of the subject lease in the East Texas Field.
4. Well Nos. 1, 2 and 3 have each produced to date, 110,795 BO, 90,195 BO and 101,595 BO, respectively.
5. The subject well is a replacement well for Well No. 2 which is currently shut-in and will be plugged and abandoned in the future because of mechanical failure.
6. The subject well will be located 50 feet to the east of Well No. 2 and is located as close as is mechanically practicable to Well No. 2.

7. The subject well will be located only 427 feet from Well No. 3. Field Rules require 233 feet lease-line and 467 feet between-well spacing on 5 acres.
8. The subject well will protect correlative rights by allowing Amoco Production Company to continue to produce its edge lease at a 5 acre per well density.

CONCLUSIONS OF LAW

1. Notice was properly and timely given to all person legally entitled to notice.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. This application satisfies the requirements for an exception to Statewide Rule 37 and those requirements stated in a Commission Memorandum written June 20, 1957 and revised June 24, 1957 concerning exceptions to Rule 37 for "edge tract" wells in the East Texas Field:
 - a. The subject well is a substitute well for Well No. 2 which will be plugged due to mechanical failure.
 - b. The subject lease is developed in excess of 5 acres per well.
 - c. The subject well is as close to Well No. 2 as is mechanically practicable.
 - d. Well No. 2 has not yet been plugged and abandoned.
4. Granting the application is necessary to protect correlative rights.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Amoco Production Company, for an exception permit under the provisions of Statewide Rule 37 and a permit to drill Well No. 4, Hawkins Creek Farm Lease, in the East Texas Field, Gregg County, Texas, be and is hereby **APPROVED** at the following location:

**233' FNL and 283' FWL of the Hawkins Creek Farm Lease and
2350' FSL and 1534' FEL of the John Ruddle A-176 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