

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

**RULE 37 CASE NO. 0225959
DISTRICT 6E**

**APPLICATION OF BASA RESOURCES,
INC. FOR AN EXCEPTION TO STATEWIDE
RULE 37 TO RE-ENTER WELL NO. 8, E.L.
PINKSTON "C" 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 to all offset operators in the field, all affected, adjacent leases and the mineral interest owner(s) of each adjacent unleased tract.
2. The applicable field rules for the East Texas Field are:

330'/660'/10 acres with an optional 5-acre density if the well is on an internal tract, completely surrounded by production, located in the most sparsely drilled part of the tract and located as nearly as possible in compliance with the spacing rules.
3. The proposed well is a re-entry into a plugged and abandoned well. The proposed exception to Statewide Rule 37 is required because the proposed location for the E.L. Pinkston "C" Lease Well No. 8 is 386 feet from the nearest well on this lease completed in the East Texas Field.
4. The applicant's lease is an internal tract in the East Texas Field.
5. The existing wellbore is located in the most sparsely drilled part of the tract and is located nearly in compliance with the 223'/467' spacing set out in the July 1, 1957 Rule 37 and Density Policy for East Texas Field Applications.
6. The applicant's lease is completely surrounded by production.
7. The E.L. Pinkston "C" Lease has sufficient acreage to sustain an additional well under the East Texas Field density rules because it will have 14 producing wells on 84 acres.
8. The E.L. Pinkston "C" Lease is part of an active waterflood operated by the applicant in the East Texas Field.
9. Well Nos. 3 and 4 on the E.L. Pinkston "C" Lease (located adjacent to the proposed Well No. 8) were the most prolific producing wells on the lease but their production has suffered substantial

decline due to increased localized water production.

10. The E.L. Pinkston "C" Well No. 8 was re-entered under authority of the Railroad Commission's district office to repair a casing leak that was causing freshwater to leak into the wellbore, move downhole and enter the productive Woodbine Formation. Well No. 8 was the source of freshwater influx into Well Nos. 3 and 4. The casing leak has been repaired and the freshwater influx has ceased.
11. Completion of Well No. 8 as a producing well will allow its participation in the waterflood and increase production from Well Nos. 3 and 4, resulting in the recovery of a substantial amount of oil that would otherwise remain unrecovered.
12. No protests were made to the application for a Rule 37 exception.

CONCLUSIONS OF LAW

1. The application on Railroad Commission Form W-1 was properly filed.
2. Proper notice was timely issued by the Railroad Commission to appropriate persons legally entitled to notice.
3. All things have been done or have occurred to give the Railroad Commission jurisdiction to decide this matter.
4. Re-entering a well at the proposed location will afford the applicant a reasonable opportunity to recover its share of hydrocarbons, thereby preventing confiscation.
5. Re-entering a well at the proposed location will prevent waste.
6. This application satisfies the requirements for a Rule 37 exception set out in the July 1, 1957 Rule 37 and Density Policy for East Texas Field Applications.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Basa Resources, Inc. for a spacing exception permit under the provisions of Statewide Rule 37 to re-enter Well No. 8, E.L. Pinkston "C" Lease, containing 84 acres of land in the Maria V. Pena Survey, for the East Texas Field, Rusk County, as shown by plat submitted be and is hereby **APPROVED**; and applicant is granted permission to re-enter Well No. 8, which is located as follows, subject to the conditions listed below:

1500' from the east line and 479' from the north line of the lease
550' from the east line and 2150' from the north line of the survey

CONDITIONS

1. **Fresh Water Sand Protection.** The well must have sufficiently cemented sufficient surface casing to protect all usable-quality water as defined by the Texas Natural Resource Conservation Commission. Before completing the well, the operator must obtain a letter from the Texas Natural Resources Conservation Commission stating the depth to which water needs protection, unless such letter has already been obtained for the well. A copy of the letter shall be filed 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.
10. **Motion for Rehearing.** Pursuant to TEX. GOV'T CODE §2001.147 and with the agreement of the applicant who is the sole party to this action, the time period for filing a motion for rehearing expires on the date the order is entered.

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 _____, 2000.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN MICHAEL L. WILLIAMS

COMMISSIONER CHARLES R. MATTHEWS

COMMISSIONER TONY GARZA

ATTEST:

SECRETARY