

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

**OIL AND GAS DOCKET
NO. 04-0217658**

**APPLICATION OF UNION PACIFIC
RESOURCES COMPANY FOR SPECIAL
PERMISSION UNDER STATEWIDE
RULE 11 FOR JMV UNIT WELL NOS. 1
AND 2, ROLETA (WILCOX
CONSOLIDATED) FIELD, ZAPATA
COUNTY, TEXAS**

FINAL ORDER

The Railroad Commission of Texas has received and docketed this application of Union Pacific Resources Company for special permission under Statewide Rule 11 for its JMV Unit Well Nos. 1 and 2 to cross lease and/or property lines in the Roleta (Wilcox Consolidated) Field in Zapata County, Texas; and the Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. Notice of the hearing on the application was given to all offsetting operators and appropriate federal agencies.
2. The location of the Roleta (Wilcox Consolidated) Field under the International Falcon Reservoir necessitates the directional drilling of the proposed wells.
3. Union Pacific Resources Company's ("UPRC") JMV Unit Well Nos. 1 and 2 will traverse tracts owned by members of the Vela family and the United States Government. Said tracts have had their minerals leased to JN Exploration & Production, Ltd., UPRC, and Conoco, Inc.
4. UPRC's application was protested by Conoco, Inc. and set for hearing; prior to the hearing, Conoco, Inc. withdrew its protest.
5. Union Pacific Resources Company has obtained an easement to traverse the tract owned by the Vela family.
6. The United States Government does not issue subsurface easements, but has a policy pursuant to its Judgments of Declaration of Taking to allow the directional drilling of wells through tracts for which it is the surface owner.

7. The United States Government owns no minerals in any tracts to be traversed by the proposed wellbores.
8. Union Pacific Resources Company has obtained a subsurface easement from Conoco, Inc. to traverse its tract.
9. Union Pacific Resources Company is a co-tenant lessee in the tract leased to JN Exploration & Production, Ltd.
10. The Union Pacific Resources Company JMV Unit Well Nos. 1 and 2 will not be drilled into hydrocarbon-producing formations beneath tracts leased to other operators, the wellbores will not be logged through such tracts, and no tests of any hydrocarbon-bearing formations will occur.
11. The drilling of the Union Pacific Resources Company JMV Unit Well Nos. 1 and 2 will not cause waste of hydrocarbons or adversely affect the production or ability to produce hydrocarbons of any other operator.
12. The Union Pacific Resources Company JMV Unit Well Nos. 1 and 2 will not produce hydrocarbons from the tracts owned by other operators.
13. The drilling and operation of Union Pacific Resources Company's JMV Unit Wells Nos. 1 and 2 will not interfere with the mineral development of tracts crossed by its wellbores but owned by other operators.
14. No party appeared in protest to the application of Union Pacific Resources Company for special permission under Railroad Commission of Texas Statewide Rule 11 (16 TAC §3.11).

CONCLUSIONS OF LAW

1. Proper notice was timely given to all parties entitled to notice pursuant to applicable statutes and rules.
2. All things have occurred and have been accomplished to give the Railroad Commission of Texas jurisdiction in this case.
3. The drilling of the Union Pacific Resources Company JMV Unit Well Nos. 1 and 2 will not cause waste or harm any mineral interest owner's correlative rights.
4. Union Pacific Resources Company demonstrated that it has a good faith claim to cross leases and/or property lines with its wellbores for the JMV Unit Well Nos. 1 and 2.

- 5. Union Pacific Resources Company complied with the requirements of the Railroad Commission's Statewide Rule 11 (16 TAC §3.11), and is entitled to special permission to cross lease and/or property lines in the drilling and production of its JMV Unit Well Nos. 1 and 2.
- 6. The Union Pacific Resources Company JMV Unit Well Nos. 1 and 2 are properly permitted pursuant to the regulations of the Railroad Commission of Texas.

THEREFORE, under authority of the Texas Natural Resources Code §85.202 and pursuant to Statewide Rule 11(a), Union Pacific Resources Company is hereby **GRANTED** special permission for its JMV Unit Well Nos. 1 and 2 to cross lease and/or property lines in the Roleta (Wilcox Consolidated) Field in Zapata County, Texas. 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.

Effective this _____ day of _____, 1997.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY