

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

**OIL AND GAS DOCKET
NO. 08-0273278**

**IN THE GLADYS COWDEN (STRAWN)
FIELD, MARTIN AND MIDLAND
COUNTIES, TEXAS**

**FINAL ORDER
CONSOLIDATING THE GREENTREE, NORTH (STRAWN) FIELD
INTO THE GLADYS COWDEN (STRAWN) FIELD
AND AMENDING FIELD RULES FOR THE
GLADYS COWDEN (STRAWN) FIELD
MARTIN AND MIDLAND COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 29, 2011, the presiding examiner has made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that 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 examiner's report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the Greentree, North (Strawn) (No. 36758 500) Field located in Martin and Midland Counties, Texas, are hereby combined into the Gladys Cowden (Strawn) Field (No. 35155 500).

Wells in the subject field shall be transferred into the Gladys Cowden (Strawn) Field without requiring new drilling permits.

It is further **ORDERED** by the Railroad Commission of Texas that Field Rules adopted in Final Order No. 08-0272343, effective October 11, 2011, for the Gladys Cowden (Strawn) Field, Martin and Midland Counties, Texas, is hereby amended as follows:

RULE 1: The entire correlative interval from 10,480 feet to 11,020 feet as shown on the log of the Petroplex Energy Inc. - Button Estes "7" Lease, Well No. 3 (API No. 42-329-35205), Section 7, Block 39, T-1-S, T&P RR Co. Survey, Midland County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the

Gladys Cowden (Strawn) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than SIX HUNDRED SIXTY (660) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well, and the above spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and proration unit. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rule 37 and 38, which applicable provisions of said rule are incorporated herein by reference.

Notwithstanding the above, there shall be no minimum spacing requirement between horizontal and vertical wells and operators shall be required to file an as-drilled plat showing the path, penetration point and terminus of all drainholes in horizontal wells.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The acreage assigned to an individual well shall be known as a proration unit. The standard drilling and proration units are established hereby to be EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of THREE THOUSAND (3,000) feet removed from each other; provided however, that in the case of long and narrow leases or in cases where because of the shape of the lease such is necessary to permit the utilization of tolerance acreage, the Commission may after proper showing grant exceptions to the limitations as to the shape of proration units as herein contained. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil. No double assignment of acreage will be accepted.

Notwithstanding the above, operators may elect to assign a tolerance of not more than EIGHTY (80) acres of additional unassigned lease acreage to a well on an EIGHTY (80) acre unit and shall in such event receive allowable credit for not more than ONE HUNDRED SIXTY (160) acres.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

Under the following conditions, an operator, at its option, shall be granted an exception to Statewide Rule 38 and permitted to form fractional units of less than EIGHTY (80) acres, but not less than TWENTY (20) acres:

- (a) The Railroad Commission shall notify in writing the designated operators, lessees of record for tracts that have no designated operator, and all owners of unleased mineral interests (i) within 1,867 feet from the location of a vertical well or (ii) within 1,867 feet of any point on a horizontal well within the correlative interval.
- (b) Designated operators, lessees of record for tracts that have no designated operator, and all owners of unleased mineral interests receiving this written notification shall have 21 days from the date of issuance of the notice of application for a Rule 38 density exception to file a written protest with the Railroad Commission, such protest to be received by the Railroad Commission within said 21 day period.
- (c) If no written protest is received by the Railroad Commission within the 21 day period of time, or if written waivers are received from each designated operator, lessee of record for tracts that have no designated operator, and all owners of unleased mineral interests to whom notice is required, the application shall be approved administratively by the Railroad Commission.
- (d) If a written protest is received by the Railroad Commission within 21 days of the date of issuance of the notice of application, the application will be scheduled for hearing at which the applicant must show that the fractional proration unit and the well thereon are necessary to effectively drain an area of the field that will not be effectively drained by existing wells, or to prevent waste or confiscation.
- (e) Permits granted pursuant to the above provision shall be issued as exceptions to Statewide Rule 38.
- (f) For permits requested on fractional units of less than TWENTY (20) acres, the procedures set forth in 16 Tex. Admin. Code § 3.38 (Rule 38) shall apply.

RULE 4: The maximum daily oil allowable for each well on an EIGHTY (80) acre unit in the subject field shall be 515 barrels of oil per day and the actual allowable for an individual well shall be determined by the sum total of the two following values:

- a. Each well shall be assigned an allowable equal to the top allowable established for a well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by SEVENTY FIVE percent (75%) and by then multiplying this value by a fraction, the numerator of which is the acreage assigned to the well and the denominator of which is the maximum acreage authorized for a proration unit exclusive of tolerance acreage.
- b. Each well shall be assigned an allowable equal to TWENTY FIVE percent (25%) of the maximum daily oil allowable above.

Done this 13th day of December, 2011.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
December 13, 2011)**