

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 08-0289289**

**IN THE PRIEST & BEAVERS (QUEEN)  
FIELD, PECOS COUNTY, TEXAS**

**FINAL ORDER  
AMENDING FIELD RULES FOR THE  
PRIEST & BEAVERS (QUEEN) FIELD  
PECOS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 2, and September 18, 2014, the presiding examiners have 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 examiners' 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 Field Rules for the Priest & Beavers (Queen) Field, Pecos County, Texas, adopted in Final Order 8-37,453, effective February 24, 1958, are hereby amended and set out in their entirety as follows:

**RULE 1:** The entire correlative interval from 2,053 feet to 2,143 feet as shown on the Compensated Neutron log of the PPC Operating Company, Priest & Beavers Unit Well No. 9, (API No. 42-371-37602), Section 28, Block C4, GC & SF Survey, Pecos County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Priest & Beavers (Queen) Field.

**RULE 2:** No well for oil or gas shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than TWELVE HUNDRED (1,200) 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.

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 oil well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be FORTY (40) acres. No proration unit shall consist of more than FORTY (40) acres except as hereinafter provided. 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.

If after the drilling of the last well on any lease and the assignment of acreage to each well thereon in accordance with the regulations of the Commission there remains an additional unassigned acreage of less than FORTY (40) acres, then and in such event the remaining unassigned acreage up to and including a total of TWENTY (20) acres may be assigned as tolerance acreage to the last well drilled on such lease or may be distributed among any group of wells located thereon, so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission.

An operator, at his option, shall be permitted to form optional drilling and proration units of TWENTY (20) acres.

For the determination of acreage credit in this field, operators shall file for each oil or gas well in this field a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units. On that form or an attachment thereto, the operator shall list the number of acres that are being assigned to each well on the lease or unit for proration purposes. For oil or gas wells, operators shall be required to file, along with the Form P-15, a plat of the lease, unit or property; provided that such plat shall not be required to show individual proration units. There is no maximum diagonal limitation in this field.

**RULE 4:** The daily total field oil allowable, as fixed by the Commission after deductions have been made for marginal wells, high gas-oil ratio wells, and wells which are incapable of producing their allowables as determined hereby, shall be distributed among the remaining producing wells in the field on the following basis:

- (a) The daily acreage allowable for each well, after said deductions have been made, shall be that proportion of SEVENTY-FIVE (75%) percent of the daily field allowable which the acreage assigned to the well bears to the remaining acreage assigned to all wells in the field.
- (b) The daily per well allowable for each well, after said deductions have been made, shall be determined by dividing TWENTY-FIVE (25%) percent of the total field daily allowable by the number of the producing wells in the field.
- (c) The total daily oil allowable for each well shall be the sum of its per well and acreage allowables.

Done this 9<sup>th</sup> day of December, 2014.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Divisions' Unprotected Master  
Order dated December 9, 2014)**