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**RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION**

**DOCKET No. 0201687  
DISTRICT 6**

**FINAL ORDER**

The Commission finds that, after statutory notice in the above-numbered docket, heard on June 17, 1993, the examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record, 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 proposal for decision and the findings of fact and conclusions of law contained therein, the exceptions and replies thereto, and oral argument of the parties, 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, with the following changes.

Finding of Fact 11 is amended, and Finding of Fact 12 is added, as follows:

11. The proposed location 467 feet east of the approximate center of the western unit boundary is not reasonable because the evidence does not show that Applicant is being harmed by drainage across that boundary.
12. Because the majority of the drainage is occurring across the southern tract boundary, a location regular to the western tract boundary but as close as 467 feet from the southern tract boundary is reasonable, and would allow the Applicant to recover substantial reserves of gas underlying the unit that would otherwise be drained by the offsetting wells or left in place under the unit.

Conclusion of Law 5 is amended, a new Conclusion of Law 6 is added, and Conclusions of Law formerly numbered 6, 7, and 8 are renumbered 7, 8, and 9:

5. The proposed location is not reasonable; approval of a permit to drill at the proposed location is not necessary to give Applicant a reasonable opportunity to recover its fair share of the hydrocarbons underlying the unit and to avoid confiscation.
6. A location regular to the western tract boundary but as close as 467 feet from the southern tract boundary is reasonable, and would allow the

Applicant to recover substantial reserves of gas underlying the unit that would otherwise be drained by the offsetting wells or left in place under the unit.

7. The amount of gas not originally underlying the unit produced by off-unit wells is not relevant to the fair-share analysis in this case, whether or not the Applicant has an interest them.

8. Applicant's leasehold interest in one or more unitized tracts is a claim of title sufficient to support an application for a drilling permit.

9. Provisions of the Joint Operating Agreement for the Lohberger/Meadows Unit allow and regulate the proposal of wells by nonoperators, and require the consent of all the parties to the Operating Agreement to drill a well requiring an exception Commission spacing rules. Interpretation of these provisions is not necessary to decide whether the Applicant has asserted a good-faith claim of title.

Therefore, it is ORDERED by the Railroad Commission of Texas that the application of Kaiser-Francis Oil Company for a lease-line and well-spacing exception permit under the provisions of Statewide Rules 37 and 38 to drill Well No. 1013, Lohberger/Meadows Lease, containing 640 acres of land in the Roberts & Eddleman Survey, Abstract No. A-498, for the Buffalo Wallow (A Chert Zone) and the Wildcat Fields, Wheeler County, being 1.5 miles in a westerly direction from Briscoe, Texas, as shown by plat submitted be and is hereby APPROVED; and applicant is granted permission to drill Well No. 1013, at a location within the area described below, subject to the conditions listed below:

Within the southwest quarter of the Lohberger-Meadows Lease, and not closer than 1,867 feet to the west line nor closer than 467 feet to the south line of both the Lohberger/Meadows Lease and Section 13, Block R&E, Roberts & Eddleman Survey, Abstract No. A-498.

Applicant may at no cost file an amended Form W-1 for a location within the area described above.

#### 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.

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.

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 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.

Done this 2d day of May, 1994.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN

*Mary Scott Reeves*  
COMMISSIONER

*Brenda Williams*  
COMMISSIONER

ATTEST:

*Linda Williams*  
SECRETARY

**RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION**

DOCKET No. 0201687  
DISTRICT 6

**FINAL ORDER**

The Commission finds that after statutory notice in the above-numbered docket, heard on June 17, 1993, the examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record on November 22, 1993, and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

A Final Order was signed by the Commission on May 2, 1994. This order was vacated by a rehearing granted June 13, 1994, granted for the purpose of taking official notice of the filing, pursuant to the terms of the May 2, 1994 Final Order, of a Form W-1 by the Applicant on May 19, 1994. Protestant Philcon Development Company and Applicant Kaiser-Francis have each requested that the Commission not take official notice of the May 19, 1994 Form W-1; therefore, the Commission will not do so.

The Commission, after review and due consideration of the proposal for decision dated November 22, 1993 and the findings of fact and conclusions of law contained therein, the exceptions and replies thereto, and oral argument of the parties, 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, with the following changes.

Finding of Fact 11 is amended, and Finding of Fact 12 added, as follows:

11. The proposed location 467 feet east of the approximate center of the western unit boundary is not reasonable because the evidence does not show that Applicant is being harmed by drainage across that boundary.

12. Because the majority of the drainage to the interest of the Applicant is occurring across the southern tract boundary, a location not closer than 1,867 feet from the western tract boundary and not closer than 467 feet from the southern tract boundary is reasonable, and would allow the Applicant to recover substantial reserves of gas underlying the unit that would otherwise be drained by the offsetting wells or left in place under the unit.

Conclusion of Law 5 is amended, a new Conclusion of Law 6 is added, and Conclusions of Law formerly numbered 6, 7, and 8 are renumbered 7, 8, and 9:

5. The original proposed location, 467 feet from the western boundary, is not reasonable; approval of a permit to drill at that location is not necessary to give Applicant a reasonable opportunity to recover its fair share of the hydrocarbons underlying the unit and to avoid confiscation.

6. A location in the southwest quadrant of the Lohberger-Meadows Lease, not closer than 1,867 feet to the western tract boundary or 467 feet to the southern tract boundary is reasonable, and would allow the Applicant to recover substantial reserves of gas underlying the unit that would otherwise be drained by the offsetting wells or left in place under the unit.

7. The amount of gas not originally underlying the unit produced by offsetting wells is not relevant to the fair-share analysis in this case, whether or not the Applicant has an interest them.

8. Applicant's leasehold interest in one or more unitized tracts is a matter of title sufficient to support an application for a drilling permit.

9. Provisions of the Joint Operating Agreement for the Lohberger/Meadows Unit allow and regulate the proposal of wells by nonoperators, and require the consent of all the parties to the Operating Agreement to drill a well requiring an exception Commission spacing rules. Interpretation of these provisions is not necessary to decide whether the Applicant has asserted a good-faith claim of title.

Therefore, it is ORDERED by the Railroad Commission of Texas that the application of Kaiser-Francis Oil Company for a lease-line and well-spacing exception permit under the provisions of Statewide Rules 37 and 38 to drill Well No. 1013, Lohberger/Meadows Lease, containing 640 acres of land in the Roberts & Eddleman Survey, Abstract No. A-498, for the Buffalo Wallow (A Chert Zone) and the Wildcat Fields, Wheeler County, being 1.5 miles in a westerly direction from Briscoe, Texas, as shown by plat submitted be and is hereby APPROVED; and applicant is granted permission to drill Well No. 1013, at a location within the area described below, subject to the conditions listed below:

In the southwest quadrant of the Lohberger-Meadows Lease, not closer than 1,867 feet to the west line or 467 feet to the south line of both the lease and Section 13, Block R&E, Roberts & Eddleman Survey, Abstract No. A-498.

#### 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:

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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.

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- 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.

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.

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 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.

Done this 18th day of July, 1994.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN

*Mary Scott Haber*  
COMMISSIONER

*Berry Williamson*  
COMMISSIONER



ATTEST:  
*Brian Williams*  
SECRETARY