

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 08-0296553**

**IN THE KEYSTONE (WOLFCAMP)
FIELD, WINKLER COUNTY, TEXAS**

**FINAL ORDER
ADOPTING SPECIAL FIELD RULES FOR THE
KEYSTONE (WOLFCAMP) FIELD
WINKLER COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 24, 2015, 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 following field rules shall be adopted for the KEYSTONE (WOLFCAMP) FIELD, Winkler County, Texas, and set out in their entirety as follows:

RULE 1: The entire correlative interval from 7,395 feet to 7,650 feet as shown on the log of the Ally "26" Lease, Well No. 1H (API No. 42-495-33559), Winkler County, shall be designated as a single reservoir for proration purposes and be designated as the KEYSTONE (WOLFCAMP) FIELD.

RULE 2a: The acreage assigned to the 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 THREE HUNDRED TWENTY (320) acres. No proration unit shall consist of more than THREE HUNDRED TWENTY (320) 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 THREE HUNDRED TWENTY (320) acres, then and in such event the remaining unassigned acreage up to and including a total of EIGHTY (80) 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.

RULE 2b: The acreage assigned to the individual gas well for the purpose of allocating allowable gas production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be THREE HUNDRED TWENTY (320) acres. No proration unit shall consist of more than THREE HUNDRED TWENTY (320) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of THREE HUNDRED FIFTY-TWO (352) acres may be assigned. Each proration unit containing less than THREE HUNDRED TWENTY (320) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

RULE 3a: The maximum daily oil allowable for a well in the field shall be determined by the applicable 1965 Yardstick Allowable, and the actual allowable for an individual well shall be determined by the sum total of the two following values:

- i. 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 NINETY FIVE percent (95%), 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.
- ii. Each well shall be assigned an allowable equal to FIVE percent (5%) of the maximum daily oil allowable above.

RULE 3b: The gas field shall be classified as associated-prorated. The daily allowable production of gas from individual wells completed in the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the following manner:

- i. NINETY FIVE percent (95%) of the total field allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission bears to the summation of the deliverability of all prorable wells producing from this field.
- ii. FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

Done this 20th day of October, 2015.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Divisions' Unprotected
Master Order dated October 20, 2015)**