

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 7C-0299068**

**IN THE DON PFLUGER (DETRITAL)  
FIELD, CONCHO COUNTY, TEXAS**

**FINAL ORDER  
APPROVING THE APPLICATION OF MERCURY OPERATING, LLC  
TO ADOPT PERMANENT FIELD RULES  
FOR THE DON PFLUGER (DETRITAL) FIELD,  
CONCHO COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on February 1, 2016, 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 permanent Field Rules are hereby adopted for the Don Pfluger (Detrital) Field (ID No. 25270 150), Concho County, Texas. The field rules are set out in their entirety below:

**RULE 1:** The Don Pfluger (Detrital) Field is defined as the correlative interval from 3,220 feet to 3,260 feet, as seen on the dual induction SFL gamma ray log of the discovery well, the Spalding Energy, Inc., Pfluger No. 1 (API No. 42-095-31530).

**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. No oil or gas well shall hereafter 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 therefor shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rules 37 and 38, which applicable provisions of said rules 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 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 TWENTY (20) acres. No proration unit shall consist of more than TWENTY (20) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of one thousand five hundred (1,500) 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, however, 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.

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 proration unit have been so pooled.

**RULE 4:** Allocation will be based on 100% acreage. The maximum daily oil allowable for a well in the field shall be determined by multiplying the applicable allowable for a well in the field by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for proration purposes, exclusive of tolerance acreage.

It is further **ORDERED** by the Railroad Commission of Texas that all wells in the Don Pfluger (Detrital) Field may be produced under a Maximum Efficient Rate allowable of 84 barrels of oil per day.

It is further **ORDERED** by the Railroad Commission of Texas that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to

further action by the Commission. Pursuant to Tex. Gov't Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date Commission Order is signed.

Done this 8<sup>th</sup> day of March, 2016.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Divisions' Unprotected Master  
Order dated March 8, 2016)**