

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO.
8A-0298461**

**IN THE WASSON 72 FIELD, GAINES
AND YOAKUM COUNTIES, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF OCCIDENTAL PERMIAN LTD TO AMEND
FIELD RULES FOR THE WASSON 72 FIELD, GAINES AND YOAKUM COUNTIES,
TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 22, 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 Special Field Rules for the Wasson 72 Field in Reeves and Yoakum Counties, Texas, be and they are hereby amended. The amended field rules are set out in their entirety as follows:

RULE 1: 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. There is no minimum between well spacing limitation. 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 in either field. 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 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.

Provided, however, that for purposes of spacing for horizontal drainhole wells, the following

shall apply:

- a. No horizontal drainhole well for oil or gas shall hereafter be drilled such that the first and last take points are nearer than ONE HUNDRED (100) feet to any property line, lease line or subdivision line.
- b. For each horizontal drainhole well, the distance perpendicular to such horizontal drainhole from any take point to any point on any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.

RULE 2: 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 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.

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 TEN (10) acres, then and in such event the remaining unassigned acreage up to and including a total of TEN (10) 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 TEN (10) acres.

The density rules for the Wasson 72 Field shall apply separately to horizontal wells and vertical wells such that proration units on a tract for horizontal and vertical wells are independent and may overlap. Operators shall file a Form P-16 or successor form along with the Form W-1 and completion report for all horizontal wells and all wells on a tract where both vertical wells and horizontal wells are assigned same acreage in this field.

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 Form P-16 or other attachment to the Form P-15, 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 and 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. Operators may, however, file such proration unit plats for individual wells in the field if they so choose.

RULE 3: The maximum daily oil allowable for each oil well on an FORTY (40) acre unit in the subject field shall be the MER Allowable of FIVE HUNDRED (500) 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 TWENTY FIVE percent (25%) 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 SEVENTY FIVE percent (75%) of the maximum daily oil allowable above.

RULE 4: Testing.

(a) Each well in the subject field may be tested at the calendar day allowable rate during gas-oil ratio tests and other production tests that demonstrate the ability of such well to produce oil, provided, that it shall not be required that a well either be tested at the schedule allowable rate, or that certification be made that a well can produce at the schedule allowable rate for such well to be entitled to produce its allowable as it is fixed by the applicable field rules and the general statewide market demand order.

(b) No well shall have its allowable curtailed below the allowable fixed by the applicable field rules and the general statewide market demand order unless such well is incapable of producing this allowable on a calendar day basis.

(c) This rule shall not be construed as granting an exemption to the gas-oil ratio penalties assessed by other regulations, but it shall be considered as granting an exception to provisions of any statewide rule, regulation, order, memorandum order, or other instruction that requires well tests to be made at the schedule allowable rate, or requires certification for wells tested at a lesser rate that such wells can produce at the schedule allowable rate.

Done this 29th day of March, 2016.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division Unprotested Master Order
dated March 29, 2016)**