

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL & GAS DOCKET NO.
08-0302080**

**IN THE ALPINE HIGH (CONS)
FIELD, REEVES AND
CULBERSON COUNTIES, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF APACHE CORPORATION
FOR A NEW FIELD DESIGNATION AND ADOPTING TEMPORARY FIELD RULES
FOR THE ALPINE HIGH (CONS) FIELD
REEVES AND CULBERSON COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on January 25, 2017, 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 complies 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 application of Apache Corporation for a new field designation for the Alpine High (Cons) Field (ID No. 01942 500), Reeves and Culberson Counties, Texas, be and hereby is approved.

It is further **ORDERED** that the following Temporary Field Rules shall be adopted for the Alpine High (Cons) Field, Reeves and Culberson Counties, Texas:

RULE 1: The entire correlative interval from 10,425 feet to 12,245 feet as shown on the log of the Apache Corporation – Mont Blanc Lease, Well No. 1H (API No. 42-389-35184), Section 24, Block 57 T7, T&P RR CO Survey, Reeves County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Alpine High (Cons) 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. There is no minimum between well spacing requirement. 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 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 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 point are nearer than ONE HUNDRED (100) feet to any property line, lease line or subdivision line.
- b. For each horizontal drainhole well, the perpendicular distance from any take point on such horizontal drainhole between the first take point and the last take point to any point or any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.

If the applicant has represented in the drilling application that there will be one or more no perf zones or "NPZs" (portions of the wellbore within the field interval without take points), then the as-drilled plat filed after completion of the well shall be certified by a person with knowledge of the facts pertinent to the application that the plat is accurately drawn to scale and correctly reflects all pertinent required data. In addition to the standard required data, the certified plat shall include the as-drilled track of the wellbore, the location of each take point on the wellbore, the boundaries of any wholly or partially unleased tracts within Rule 37 distance of the wellbore, the notations of the shortest distance from each wholly or partially unleased tract within a Rule 37 distance of the wellbore to the nearest take point on the wellbore.

RULE 3a: The acreage assigned to the individual vertical 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 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.

RULE 3b: The acreage assigned to the individual vertical 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 FORTY (40) acres. No proration unit shall consist of more than FORTY (40) acres except as hereinafter provided; 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 FORTY FOUR (44) acres may be assigned. Each proration unit containing less than FORTY (40) 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.

RULE 3c: The acreage assignable to individual horizontal oil or gas wells shall be the greater of FORTY (40) acres or the amount of acreage (A) determined by the formula, $A = 0.032 \times L$, where L is the length (in feet) of the horizontal lateral component of the well from first take point to last take point (excluding no perforation zones), and A = acreage assigned, provided that, if A is not evenly divisible by 20, A will be rounded up to the next whole number evenly divisible by 20. Except as herein provided, Rule 86 will apply to all other aspects of horizontal wells drilled 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 and/or P-16, as necessary. On those forms or on an attachment thereto, the operator shall list the number of acres that are being assigned to each well or unit for proration purposes, in lieu of filing amended forms. For oil and gas wells, operators shall be required to file, along with the P-15 and/or P-16, a plat of the lease, unit or property; provide that such plat shall not be required to show the individual proration units. Operators may, however, file such proration unit plats for individual wells in the field if they choose to do so.

RULE 4a: The maximum daily oil allowable for each well in the subject field shall be the 1965 Yardstick Allowable. 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 SEVENTY-FIVE (75) percent 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 TWENTY-FIVE (25) percent of the maximum daily oil allowable above.

RULE 4b: The subject 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:

- a. SEVENTY-FIVE (75) percent of the total field allowable shall be allocated among the individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of the acreage with respect to all proratable wells producing from this field.
- b. TWENTY-FIVE (25) percent of the field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

RULE 4c: The allocation formula for gas wells in the field is suspended.

It is further **ORDERED** that these rules are temporary and effective until August 14, 2018, or until Commission staff evaluates appropriate data, after notice and opportunity for hearing as offered by the Commission prior to the expiration of the rules. After this notice and opportunity for hearing, should the evidence evaluated during review be insufficient to sustain

spacing or proration unit rules, these temporary rules, on the Commission's own motion, may be modified or terminated.

Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on February 14, 2017.

Done this 14th day of February, 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master Order
dated February 14, 2017)**