

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 01-0302721**

**IN THE AMMANN (BUDA) FIELD,  
DIMMIT, MAVERICK, WEBB, ZAVALA,  
FRIO, ATASCOSA AND LA SALLE  
COUNTIES, TEXAS**

**FINAL ORDER  
ADOPTING PERMANENT FIELD RULES  
FOR THE AMMANN (BUDA) FIELD  
DIMMIT, MAVERICK, WEBB, ZAVALA,  
FRIO, ATASCOSA AND LA SALLE COUNTIES, TEXAS**

The Commission finds that after statutory notice of the application made by Cabot Oil & Gas Corporation in the above-numbered docket heard on January 26, 2017, the presiding examiner has 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 Examiner's 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 shall be adopted for the Ammann (Buda) Field, Dimmit, Maverick, Webb, Zavala, Frio, Atascosa and La Salle Counties, Texas.

**RULE 1:** The entire correlative interval from the top of the Buda to the base of the Buda, more specifically defined in the induction electric log for the Hercules Exploration, Inc. - W. C. Ammann No. 1 Well (API No. 42-127-31065), located in Section 55, I&GN RR Co. Survey, A-344, Dimmit County, Texas from 5,800' to 5,940', shall be designated as a single reservoir for proration purposes and be designated as the Ammann (Buda) 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 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.

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 on any property line, lease line, or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.

The previously adopted box rule has been deleted to allow SWR 86 to be in effect for this field under the provisions of SWR 86(b)(5)(A) and (B).

**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 EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) 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 EIGHTY (80) acres, then and in such event the remaining unassigned acreage up to and including a total of FORTY (40) 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 units of FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional

proration unit.

**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 EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) 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 EIGHTY EIGHT (88) acres may be assigned. Each proration unit containing less than EIGHTY (80) 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.

An operator, at his option, shall be permitted to form optional drilling units of FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

**RULE 3c:** With regard to horizontal wells, acreage may be assigned to each horizontal drainhole well for the purpose of allocating allowable oil or gas production as provided in Statewide Rule 86(d).

**RULE 3d:** The field density rules will apply independently to horizontal wells and vertical wells. Acreage assigned to horizontal wells shall not count against acreage assigned to vertical wells, and acreage assigned to vertical wells shall not count against acreage assigned to horizontal wells. Acreage assigned to horizontal wells for drilling and development, or for allocation of allowable, shall be acceptable so long as the horizontal well density complies with §3.38 of this title and/or special field rules, as applicable. Acreage assigned to vertical wells for drilling and development, or for allocation of allowable, shall be acceptable so long as the vertical well density complies with §3.38 of this title and/or special field rules, as applicable. For the purposes of this section, stacked lateral wells as defined in §3.86(a)(10) of this title are not considered duplicate assignment of acreage to multiple horizontal wells.

For the determination of acreage credit in this field operator shall file for each oil or gas well in this field a Form P-16 Acreage Designation. On that form or an attachment thereto, the operator shall list the number of acres that are being assigned to each vertical and horizontal 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-16, a plat of the lease unit or property; provided that such plat shall not be required to show individual proration units. However, an operator may file a proration unit plat along with the Form P-16 if they so desire. There is no maximum diagonal limitation in this field.

**RULE 4a:** The maximum daily oil allowable for a vertical well in the field shall be determined by multiplying the applicable yardstick allowable for a vertical 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 acreage authorized by these rules for

proration purposes, exclusive of tolerance acreage.

The maximum daily allowable for a horizontal drainhole oil well shall be 100 barrels of oil for each acre that is assigned to an oil well for allowable purposes.

All vertical and horizontal oil wells shall have unlimited net gas-oil ratio authority.

**RULE 4b:** The gas field shall be classified as associated-prorated. The allowable production of gas from individual vertical wells completed in the subject field shall be determined by allocating the allowable production, after deductions have been made for vertical wells which are incapable of producing their gas allowables, among the individual vertical wells in the proportion that the acreage assigned such vertical well for proration purposes bears to the summation of the acreage with respect to all proratable vertical wells producing from the same reservoir.

The maximum daily allowable for a horizontal drainhole gas well is 600 MCF of gas for each acre that is assigned to a horizontal gas well for allowable purposes.

This rule does not affect suspension of the allocation formula under §3.31(j) of this title (relating to Gas Reservoirs and Gas Well Allowable).

**RULE 5:** An operator of a flowing oil well may obtain a six-month exception to the requirement in §3.13(b)(4)(A) of this title (relating to Casing, Cementing, Drilling, Well Control and Completion Requirements) that flowing oil wells shall be produced through tubing. The exception may be granted administratively. A revised completion report shall be filed once the oil well has been equipped with the required tubing string to reflect the actual completion configuration.

For good cause shown, including a showing that the well is flowing at a pressure in excess of 300 psig surface wellhead flowing pressure, an operator may obtain from the District Director one or more extensions to the six-month exception. Each extension shall be no more than six months in duration. If the request for an extension is denied, the operator may request a hearing. If a hearing is requested, the exception shall remain in effect pending final Commission action on the request for an extension. This provision applies to new drills, reworks, recompletions, or new fracture stimulation treatments for any flowing oil well in the field.

The Ammann (Buda) Field is a hydrogen sulfide field and shall be regulated pursuant to Statewide Rule 36.

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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 28, 2017.

Done this 28<sup>th</sup> day of February, 2017.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures  
affixed by Hearings Divisions'  
Unprotested Master Order dated  
February 28, 2017)**