

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL & GAS DOCKET NO.
08-0302994**

**IN THE PECOS VALLEY
(DEVONIAN 5400) FIELD, PECOS
COUNTY, TEXAS**

**FINAL ORDER
AMENDING AND RENUMBERING THE PERMANENT FIELD RULES
FOR THE PECOS VALLEY (DEVONIAN 5400) FIELD,
PECOS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 1, 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 Field Rules adopted in Special Order No. 8-39,202, effective November 17, 1958, for the Pecos Valley (Devonian 5400), Pecos County, Texas are hereby amended and are set out in their entirety as follows:

RULE 1: The entire correlative interval from 5,404 feet to 5,532 feet as shown on the log of the Hunt Oil Company - Pecos Valley Lease, Well No. 5-8 (API No. 42-371-36694), Section 28, Block 3, H & TC RR CO./ R.L. Harris A-6642, Pecos County, Texas shall be designated as a single reservoir for proration purposes and be designated as the Pecos Valley (Devonian 5400) 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. The minimum between well spacing requirement is **FOUR HUNDRED SIXTY-SEVEN (467)** feet. 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 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 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 oil and gas 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 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.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) 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 TWENTY (20) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

For the determination of acreage credit in this field operators 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 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 each well in the subject field shall be 142 barrels of oil per day based on the 1947 allowable yardstick for an 80-acre base unit at a depth of 5,000 feet to 6,000 feet. The actual allowable for an individual well shall be determined by the sum of the two following values:

- a. Each well shall be assigned an allowable equal to NINETY percent (90%) of the maximum daily oil allowable above.
- b. 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 for a vertical well exclusive of tolerance acreage multiplied by TEN percent (10%) and by then multiplying this value by a fraction, the numerator of which is the acreage assigned to the well (including any acreage assigned to horizontal drainhole wells pursuant to Statewide Rule 86) and the denominator of which is the maximum acreage authorized for a proration unit exclusive of tolerance acreage.

RULE 4b: The gas field shall be classified as associated-prorated and assigned a multiple 49(b) allowable as is currently in effect in the field. 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. This rule does not affect the potential suspension of the allocation formula under §3.31(j) of this title (relating to Gas Reservoirs and Gas Well Allowable).

This Final Order rescinds the Productive Acreage Determination as approved on April 15, 1997 by Final Order in Oil & Gas Docket No. 08-0213184 as it is no longer needed to protect correlative rights or prevent waste.

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.

Done this 4th day of April, 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master
Order dated April 4, 2017)**