

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL & GAS DOCKET NO.
08-0303601**

**IN THE ANDREWS, SOUTH
(DEVONIAN) FIELD, ANDREWS,
COUNTY, TEXAS**

**FINAL ORDER
AMENDING THE FIELD RULES
FOR THE ANDREWS, SOUTH (DEVONIAN) FIELD,
ANDREWS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on April 5, 2017, the Technical Examiner and Administrative Law Judge (collectively, "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 for the Andrews, South (Devonian) Field (ID No. 02730 284) that were adopted on January 16, 1961, by Commission Final Order 8-44,918, are hereby amended. The amended field rules for the Andrews, South (Devonian) Field are set out in their entirety as follows:

RULE 1: The entire correlative interval from 10,456 feet to 11,532 feet as shown on the log of the Greystone Oil & Gas, LLP - State AQ Lease, Well No. 8 (API No. 42-003-43170), Section 29, Block 9, University Lands Survey, A-U265, Andrews County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Andrews, South (Devonian) 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 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. 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 Rule 37 and 38, which applicable provisions of said rule 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 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 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 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. No double assignment of acreage will be accepted.

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.

For the purpose of assigning additional acreage to a horizontal drainhole well pursuant to Statewide Rule 86, the distance from the first take point to the last take point in the horizontal drainhole well shall be used in such determination, in lieu of the distance from penetration point to terminus.

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 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 or 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. There is no maximum diagonal limitation in this field.

RULE 4: The maximum daily oil allowable for each well in the subject field shall be based on the 1947 allowable yardstick for an 80-acre base unit at a depth of 10,500 feet to 11,000 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 TWENTY-FIVE percent (25%) 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 SEVENTY-FIVE percent (75%) 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.

The gas field shall be classified as associated-prorated and assigned a multiple 49(b) allowable as is currently in effect in the field.

RULE 5: A flowing oil well will be granted administratively, without necessity of filing fees unless the Commission requires filing fees in the future for Statewide Rule 13(b)(4)(A) exceptions, a six-month exception to Statewide Rule 13(b)(4)(A) regarding the requirement of having to be produced through tubing. A revised completion report will be filed once the oil well has been equipped with the required tubing string to reflect the actual completion configuration. This exception would be applicable for new drills,

reworks, recompletions or for new fracture stimulation treatments for any flowing oil well in the field.

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 10th day of May, 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master
Order dated May 10, 2017)**