

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 08-0296956**

**IN THE MOORE-HOOPER
(WLF CMP/PENN CONS) FIELD,
LOVING COUNTY, TEXAS**

**FINAL ORDER
AMENDING FIELD RULES FOR THE
MOORE-HOOPER (WLF/PENN CONS) FIELD,
LOVING COUNTY, TEXAS**

The Commission finds that after statutory notice of the application made by Shell Western E&P, Inc. in the above-numbered docket heard on July 28, 2015, 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 adopted in Final Order No. 08-0246067, effective March 14, 2006 for the Moore-Hooper (Wlfcmp/Penn Cons) Field, Loving County, Texas are hereby amended and set out in their entirety as follows:

RULE 1: The entire combined correlative interval from 10,925 feet to 17,520 feet as shown on the Compensated Neutron Formation Density log of the Sun Oil Company (now POGO), James J. Wheat Lease, Well No.1 (API No. 42-301-30048), Section 89, Block 1, W & NW RR Co. Survey, Loving County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Moore-Hooper (Wlfcmp/Penn Cons) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than **THREE HUNDRED AND 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 points 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 AND THIRTY (330) feet.

Any point of a horizontal drainhole outside of the described rectangle must conform to the permitted distance of the property line, lease line or subdivision line measured perpendicular from the wellbore.

RULE 3a: The acreage assigned to the individual gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be SIX HUNDRED AND FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED AND FORTY (640) acres; 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 SEVEN HUNDRED AND FOUR (704) acres may be assigned. Each proration unit containing less than SIX HUNDRED AND FORTY (640) 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. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling units of THREE HUNDRED AND TWENTY (320) 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 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.

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, the operator may, at the operator's option, 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 4a: The gas field shall be classified as associated-prorated. The daily allowable production of gas from individual wells completed in an associated-prorated gas reservoir of 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:

NINETY-FIVE percent (95%) 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.

FIVE percent (5%) of the total field allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission bears to the summation of the deliverability of all proratable wells producing from this field.

RULE 4b: The maximum daily oil allowable for each oil well in the subject field shall be determined by multiplying the number of acres in its proration unit by 13.0 barrels per acre.

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. For good cause shown, an operator may obtain administratively, without necessity of filing fees unless the Commission requires filing fees in the future for Statewide Rule 13(b)(4)(a) exceptions, an extension for an additional three months. If the request for an extension of time is denied, the operator may request a hearing.

RULE 6: An oil well will be granted administratively, without necessity of filing fees unless the Commission requires filing fees in the future for Statewide Rule 51 (a) exceptions, a six-month exception to the provisions of Statewide Rule 51 (a) regarding the 30-day rule for filing the potential test after testing of the well. This will allow for the backdating of allowables on the oil wells without requiring a waiver to be secured from all field operators. This rule will grant the Commission the authority to issue an allowable back to the initial completion date for all oil wells in the field to prevent unnecessary shut-ins to alleviate potential overproduction issues related to the completion paperwork filings and producing the oil wells without tubing. If an extension of time is granted under Rule 5, the exception to Statewide Rule 51 (a) under this rule is automatically extended for the additional time.

The exceptions to Statewide Rule 13(b)(4)(a) and 51(a) provided for in the rules adopted in this final order shall be applicable to all wells in the field, regardless of when completion forms are filed and including wells for which completion forms were filed prior to the entry of this order.

It is further **ORDERED** that the allocation formula in the Moore-Hooper (Wlfcmp\Penn Cons) Field will remain suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Moore-Hooper (Wlfcmp\Penn Cons) Field drops below 100% of deliverability.

It is further **ORDERED** that the requested amendments for the Moore-Hooper (Wlfcmp\Penn Cons) Field regarding 320-acre proration units for oil and gas wells, and a permanent gas well classification provision, are hereby **DENIED**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date Commission Order is signed.

Done this 6th day of June 2017.

RAILROAD COMMISSION OF TEXAS

Christi Craddick

CHAIRMAN CHRISTI CRADDICK

Ryan Sitton

COMMISSIONER RYAN SITTON

Wayne Christian

COMMISSIONER WAYNE CHRISTIAN

ATTEST:

Kathy Wiley

SECRETARY

