

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 08-0303533**

**IN THE EMMA (MISSISSIPPIAN)  
FIELD, ANDREWS COUNTY, TEXAS**

**FINAL ORDER  
ADOPTING FIELD RULES FOR  
THE EMMA (MISSISSIPPIAN) FIELD,  
ANDREWS COUNTY, TEXAS**

The Commission finds that after statutory notice of the application made by Zarvona Energy LLC (Operator No. 950523) in the above-numbered docket heard on April 7, 2017, the presiding 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 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 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 following field rules shall be adopted for the Emma (Mississippian) Field (ID No. 28899581), Andrews County, Texas:

**RULE 1:** The entire correlative interval from 10,430 feet to 11,068 feet as shown on the Three Rivers Operating Company II, LLC University 30 Cobra #3033 well (API No. 42-003-46646) Spectral Density Dual Spaced Neutron Spectral Gamma Ray Microlog, Andrews County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Emma (Mississippian) 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. A take point in a horizontal drainhole well is any point along a horizontal drainhole where oil and/or gas can be produced from the reservoir/field interval. The first take point may be at a different location than the penetration point and the last take point may be at a location different than the terminus point.
- b. 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.
- c. 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.

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

In addition to the penetration point and the terminus of the wellbore required to be identified on the drilling permit application (Form W-1H) and plat, the first and last take points must also be identified on the drilling permit application (Remarks Section) and plat. Operators shall file an as-drilled plat showing the path, penetration point, terminus and the first and last take points of all drainholes in horizontal wells, regardless of allocation formula.

**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 FORTY (40) acres for a vertical well. No proration unit shall consist of more than FORTY (40) acres for a vertical well except as hereinafter provided. Additional acreage may be assigned to a horizontal well pursuant to Statewide Rule 86, and the distance from the first take point to the last take point in the horizontal drainhole shall be used in such determination, in

lieu of the distance from penetration point to terminus. 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 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 4:** The maximum daily oil allowable for a well in the field shall be determined by multiplying 210 barrels of oil per day by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for a vertical well for proration purposes, exclusive of tolerance acreage. Each oil well shall have unlimited net gas-oil ratio authority.

The maximum daily allowable for a horizontal drainhole well in the field shall be determined by multiplying the applicable allowable for a vertical well in the field with a proration unit containing the maximum acreage authorized by the applicable rules for the field, exclusive of tolerance acreage, by a fraction:

- A. the numerator of which is the acreage assigned to the horizontal drainhole well for proration purposes; and
- B. the denominator of which is the maximum acreage authorized by the applicable field rules for proration purposes, exclusive of tolerance acreage.

It is further **ORDERED** that the field rules contained herein be made permanent.

Done this 6<sup>th</sup> day of June, 2017.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed  
by Hearings Divisions' Unprotested  
Master Order dated June 6, 2017)**