

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 08-0304806**

**IN THE RHODA WALKER (CANYON
5900) FIELD, WARD COUNTY, TEXAS**

**FINAL ORDER
AMENDING THE FIELD RULES FOR THE
RHODA WALKER (CANYON 5900) FIELD,
WARD COUNTY, TEXAS**

The Commission finds that after statutory notice of the application made by Crossing Rocks Energy, LLC (Operator No. 190657) in the above-numbered docket heard on June 14, 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 Field Rules adopted in Oil & Gas Final Order No. 8-57,981 for the Rhoda Walker (Canyon 5900) Field, effective January 22, 1968, and last amended in Final Order No. 8-84,082, are hereby amended and renumbered. The renumbered and amended field rules are set out in their entirety as follows:

RULE 1: The entire correlative interval from 5,052 feet (TVD) to 8,235 feet (TVD), as shown on the Dual Lateralog of the Monsanto Co. Thornton No. 2 Well (API No. 42-475-32521), Section 108, Block 34, H&TC RR Co. Survey, Ward County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Rhoda Walker (Canyon 5900) 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 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.

RULE 3: The acreage assigned to an individual oil or gas well for the purpose of allocating allowable oil or 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, and the two farthestmost points in any proration unit shall not be in excess of THREE THOUSAND TWO HUNDRED FIFTY (3,250) feet removed from each other. Provided, however, that in the case of long and narrow leases or in cases where because of the shape of the lease such is necessary to permit the utilization of tolerance acreage, the Commission may, after proper showing, grant exceptions to the limitations as to the shape of proration units as herein contained. 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 lease acreage of less than FORTY (40) acres, then and in such event the remaining unassigned lease 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, as his option, shall be permitted to form optional drilling and fractional proration units of TWENTY (20) acres, with a proportional acreage allowable credit for a well on such unit, with the two farthestmost points of such TWENTY (20) acre fractional unit not greater than ONE THOUSAND FIVE HUNDRED (1,500) feet removed from each other.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

RULE 4a: The maximum daily oil allowable for each well on an EIGHTY (80) acre unit in the subject field shall be ONE HUNDRED EIGHTY FOUR (184) barrels of oil per day, and the actual allowable for each individual well shall be determined by the sum total of the two following values:

- a. 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 exclusive of tolerance acreage multiplied by SEVENTY-FIVE percent (75%) and then multiplying this value by a fraction, the numerator of which is the acreage assigned to the well and the denominator of which is the maximum acreage authorized for a proration unit exclusive of tolerance acreage.
- b. Each well shall be assigned an allowable equal to TWENTY FIVE percent (25%) of the maximum daily oil allowable above.

RULE 4b: Each gas well completed in said reservoir shall be allowed to withdraw for market or any other legal use as a monthly maximum that number of cubic feet of gas which, without this rule, are permitted to be produced from such gas well by operation of Statewide Rule 49 (b); provided, however, that where the amount of acreage assigned to such gas well exceeds EIGHTY (80) acres, such gas allowable shall be increased by multiplying the same by a fraction, the numerator of which is the amount of such assigned acreage and the denominator of which is EIGHTY (80) acres. Acreage assigned to an oil proration unit shall not be assigned to a gas well producing from the same reservoir. No acreage can be assigned to a gas well in excess of THREE HUNDRED TWENTY (320) acres plus TEN (10) percent tolerance, and all acreage assigned must reasonably be considered to be productive of gas. The two farthestmost points of any gas unit shall not be farther than SIX THOUSAND FIVE HUNDRED (6,500) feet.

RULE 5: All wells producing from the subject field shall be allowed to produce a total volume of casinghead gas under a net ratio authority that shall not exceed ONE THOUSAND TWO HUNDRED (1,200) MCF per day per well. It is further ordered that a well's oil allowable shall not be penalized unless the above permitted casinghead gas limit is exceeded.

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 1st day of August 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Divisions' Unprotected
Master Order dated August 1, 2017)**