

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL & GAS DOCKET NO.
7C-0304314**

**JUNE ANN (PENNSYLVANIAN)
FIELD, IRION AND TOM GREEN
COUNTIES, TEXAS**

**FINAL ORDER
CONSOLIDATING THE JUNE ANN (CISCO)
AND JUNE ANN (STARKEY-CANYON SD) FIELDS
INTO A NEW FIELD CALLED THE JUNE ANN (PENNSYLVANIAN) FIELD
AND ADOPTING PERMANENT FIELD RULES FOR THE
JUNE ANN (PENNSYLVANIAN) FIELD
IRION AND TOM GREEN COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 16, 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 June Ann (Cisco) (No. 47684 025) and June Ann (Starkey-Canyon) (No. 47684 100) Fields located in Tom Green and Irion Counties, Texas, are hereby combined into a new field called the June Ann (Pennsylvanian) Field (No. 47684 090). It is further **ORDERED** that the following permanent field rules are adopted for the June Ann (Pennsylvanian) Field:

RULE 1: The entire correlative interval from 5,512 feet to 7,158 feet as shown on the Compensated Density Neutron Microlog log of the Energy From Texas – Turner Ranch T.D. 24 Lease Well No. 3, (API 42-451-32490), H&TC RR Co Survey, A-8597, Sec 24, Tom Green County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the June Ann (Pennsylvanian) Field.

RULE 2: No gas or oil well shall hereafter be drilled nearer than FOUR HUNDRED SIXTY-SEVEN (467) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than ZERO (0) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. The aforementioned distances in the above rule are minimum distances to allow an

operator flexibility in locating a well. The Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission determines 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 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 THREE HUNDRED AND TWENTY (320) acres. No proration unit shall consist of more than THREE HUNDRED AND TWENTY (320) 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 THREE HUNDRED FIFTY TWO (352) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of SIX THOUSAND FIVE HUNDRED (6,500) feet removed from each other. Each proration unit containing less than THREE HUNDRED AND TWENTY (320) 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 FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a FORTY (40) acre fractional proration unit shall not be greater than TWO THOUSAND ONE HUNDRED (2,100) feet removed from each other.

RULE 3b: The acreage assigned an 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 contain more than EIGHTY (80) acres. The two farthestmost points of 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 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 and proration units of FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a FORTY (40) acre fractional proration unit shall not be greater than TWO THOUSAND ONE HUNDRED (2,100) 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 subject field shall be classified as associated prorated. The daily allowable production of gas from individual wells completed in 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 percent (90%) of the field's total 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 the field.

TEN percent (10%) 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.

RULE 4b: The maximum daily oil allowable for each well in the subject field shall be based on a maximum efficient rate allowable of 300 barrels of oil per day and the actual allowable for an individual well shall be determined by the sum total of the two following values:

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 TEN percent (10%) and by 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.

Each well shall be assigned an allowable equal to NINETY PERCENT (90%) of the maximum daily oil allowable above.

RULE 5: The permitted gas-oil ratio for all oil wells shall be ten thousand (10,000) cubic feet of gas per barrel of oil produced. Any oil well producing with a gas-oil ratio in excess of ten thousand (10,000) cubic feet of gas per barrel of oil shall be allowed to produce daily only that volume of gas obtained by multiplying its maximum daily oil allowable by ten thousand (10,000). The oil allowable for wells in the Field shall not be penalized as provided for by Statewide Rule 49(a) unless the produced gas-oil ratio exceeds ten thousand (10,000) cubic feet of gas per barrel of oil produced.

It is further **ORDERED** that the allocation formula in the June Ann (Pennsylvanian) Field will be suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the June Ann (Cisco) Field drops below 100% of deliverability.

Wells in the subject fields shall be transferred into the June Ann (Pennsylvanian) Field without requiring new drilling permits.

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 15th day of August 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master
Order dated August 15, 2017)**