

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 8A-0305771**

**IN THE MONARCH (SAN ANDRES)
FIELD, GAINES COUNTY, TEXAS**

**FINAL ORDER
ADOPTING PERMANENT FIELD RULES
FOR THE MONARCH (SAN ANDRES) FIELD
GAINES COUNTY, TEXAS**

The Commission finds that after statutory notice of the application made by Raw Oil & Gas, Inc. in the above-numbered docket heard on August 30, 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 of Raw Oil & Gas, Inc. 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 Examiner's 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 Permanent Field Rules shall be adopted for the Monarch (San Andres) Field, Gaines County, Texas.

RULE 1: The Correlative Interval from 5,410' to 5,760' as shown on the Dual Spaced Neutron, Spectral Density, Spectral Gamma Ray Type Log of the Midland Oil and Gas, Inc., Sidewinder Lease Well No. 1 located 1603' FWL & 688' FNL of Section 22, Block C-43 in the Public School Land Survey A-1764, Gaines County, Texas shall be designated as a single reservoir for proration purposes and be designated as the Monarch (San Andres) 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. The minimum between well spacing requirement is **THREE HUNDRED THIRTY (330)** feet. 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 other rules to follow are for the purpose of permitting only one well to each drilling and proration unit. Provided however,

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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.

RULE 3: The acreage assigned to the individual vertical well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard oil and gas 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.

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 TEN (10) 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 units of TWENTY (20) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

For the determination of acreage credit in this field, the operators shall file for each oil or gas well in this field a Form P-16 Acreage Designation. 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 and gas wells, operators shall be required to file, along with the Form P-16, a plat of the lease, unit or property; provided that such plat shall not be required to show individual proration units. However, an operator may file a proration unit plat along with the Form P-16 if they so desire. There is no maximum diagonal limitation in this field.

RULE 4: Allocation based on 100% acreage with a top oil allowable based on the 1965 Yardstick Allowable

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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 October, 2017.

RAILROAD COMMISSION OF TEXAS

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