

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 08-0306077**

**IN THE SAND HILLS (CLEAR FORK)
FIELD, CRANE COUNTY, TEXAS**

**FINAL ORDER
ADOPTING PERMANENT FIELD RULES
FOR THE SAND HILLS (CLEAR FORK) FIELD,
CRANE COUNTY, TEXAS**

The Commission finds that after statutory notice of the application made by Mammoth Exploration LLC (Operator No. 523592) in the above-numbered docket heard on September 13, 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 and made permanent for the Sand Hills (Clear Fork) Field (Field No. 80473 062) in Crane County Texas:

RULE 1: The entire correlative interval from the top to the base of the Clear Fork, more specifically, from 3,880 feet to 4,096 feet, as shown on the Atlas Wireline Services Compensated Densilog, Compensated Neutron, Gamma Ray Log of the Texan Petroleum Corp. Barnsley 26E Lease Well No. 1, located 1,787' FSL & 760' FSL of Section 26, Blk B-27, PSL Survey A-1014, Crane County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Sand Hills (Clear Fork) 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 limitation. 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 drainhole 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 into the wellbore 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 hereinafter be drilled such that the first and last take point are nearer than ONE HUNDRED (100) feet from 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 and including the first and 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.

RULE 3: The acreage assigned to the 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 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 or gas. No double assignment of acreage will be accepted. There is no maximum diagonal limitation in this field.

An operator, at his option, shall be permitted to form optional drilling and proration units of TWENTY (20) acres for oil wells. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

The acreage for a horizontal drainhole well will be assigned according to the provisions of Statewide Rule 86.

For the determination of acreage credit in this field, 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 or gas wells, operators

shall be required to file, along with the Form P-16, a plat of the entire lease, unit or property; provided however that such plat shall not be required to show individual proration units. However, an operator may still file individual proration unit plats if they so desire.

RULE 4A: The maximum daily oil allowable for a well in the field shall be determined by multiplying the top allowable for the field of 84 barrels of oil per day as assigned to a 40-acre proration unit 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 (40 acres) for proration purposes, exclusive of tolerance acreage. Each oil well shall have unlimited net gas-oil ratio authority.

RULE 4B: Allocation for gas wells will be based on 100% acreage. The daily allowable 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 field.

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 six-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 10-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 of these field rules, the exception to Statewide Rule 51(a) under this rule is automatically extended for the additional time.

RULE 7: For both oil and gas wells, Stacked Lateral Wells within the correlative interval for the field will be governed by the applicable provisions in Statewide Rule 86(f).

It is further **ORDERED** that the allocation formula for gas wells in the Sand Hills (Clear Fork) Field is hereby suspended. The allocation formula may be reinstated administratively, in accordance with the Commission rules, if the market demand for gas in the Sand Hills (Clear Fork) Field drops below 100% of deliverability.

Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and by agreement of the Parties in writing or on the record, **the parties have waived right to file a Motion for Rehearing and this Final Order is effective on the date the Master Order relating to the Final Order is signed.**

Done this 7th day of November 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Divisions' Unprotected
Master Order dated November 7, 2017)**