

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 09-0307223: THE APPLICATION OF JMH PRODUCTION, LLC TO CONSIDER AMENDING THE FIELD RULES FOR THE JEAN, NW (CADDO) FIELD, ARCHER AND YOUNG COUNTIES, TEXAS

FINAL ORDER

The Commission finds that after statutory notice of the application made by JMH Production, LLC (Operator No. 433133) in the above-numbered docket heard on December 6, 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 Final Order No. 09-0279066, effective March 26, 2013, for the Jean, NW (Caddo) Field (Field No. 46009333) in Young County, Texas, are hereby amended. The amended field rules are set out in their entirety as follows:

RULE 1: The entire correlative interval from 4,390 feet to 5,010 feet as shown on the log of the JMH Production, LLC - Hamilton-Laird Lease, Well No. 2 (API No. 42-503-41811), Section 1394, TE&L Co. Survey, A-852, Young County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Jean, NW. (Caddo) 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 and no well shall be drilled nearer than SIX HUNDRED SIXTY (660) 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, 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 Rule 37 and 38, which applicable provisions of said rule 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 oil 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. No double assignment of acreage will be accepted. There is no maximum diagonal limitation in this field.

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.

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.

For the determination of acreage credit in this field, operators shall file for each oil lease 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 4: The maximum daily oil allowable for each well in the subject field shall be the 1947 Yardstick Allowable of 93 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:

- 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 for a vertical well exclusive of tolerance acreage multiplied by FIFTY percent (50%) 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.

- b. Each well shall be assigned an allowable equal to FIFTY percent (50%) of the maximum daily oil allowable above.

The actual daily oil allowable for an individual well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

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 23rd day of January 2018.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Divisions' Unprotested
Master Order dated January 23, 2018)**