

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET No. 8A-0310425: APPLICATION OF JOINT RESOURCES COMPANY (440742) TO AMEND THE FIELD RULES FOR THE BALE (SAN ANDRES 5500) FIELD, GAINES COUNTY, TEXAS, AND TO TRANSFER THE SIERRA BLANCA WELL No. 1H (API No. 42-165-38635) FROM THE SEMINOLE (SAN ANDRES) FIELD TO THE BALE (SAN ANDRES 5500) FIELD, GAINES COUNTY, TEXAS.**

**FINAL ORDER**

The Commission finds that after statutory notice of the application made by Joint Resources Company (Operator No. 440742) in the above-numbered docket heard on June 8, 2018, 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. 8A-56,804, effective November 1, 1966, for the Bale (San Andres 5500) Field in Gaines County, Texas, as amended, are hereby amended. The amended field rules are set out in their entirety as follows:

**RULE 1:** The entire correlative interval from 5,150 feet to 5,748 feet as shown on the log of the David Fasken - Jones Estate D No. 2 Well (API No. 42-165-00975), Gaines County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Bale (San Andres 5500) Field. This designated correlative vertical interval is the entire San Andres Formation.

**RULE 2:** No well for oil 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 in either field. 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 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 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 shall hereafter be drilled such that the first and last take points are nearer than ONE HUNDRED (100) feet to any property line, lease line or subdivision line.
- c. For each horizontal drainhole well, the distance perpendicular to such horizontal drainhole from any take point to any point on any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.

For the purpose of assigning additional acreage to a horizontal drainhole well pursuant to Statewide Rule 86, the distance from the first take point to the last take point in the horizontal drainhole shall be used in such determination, in lieu of the distance from penetration point to terminus.

In addition to the penetration point and the terminus of the wellbore required to be identified on the drilling permit application (Form W-IH) and plat, the first and last take points must also be identified on the drilling permit application (Remarks Section) and plat. Operators shall file an as-drilled plat showing the path, penetration point, terminus and the first and last take points of all drainholes in horizontal wells, regardless of allocation formula.

Distances for purposes of spacing exceptions shall be measured in the same manner as the spacing requirement. such that notice distances from first and last take point shall be measured THREE HUNDRED THIRTY (330) feet perpendicular to the horizontal well and in a ONE HUNDRED (100) foot radius from the first and last take point.

**RULE 3:** The acreage assigned to an individual well 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. There is no maximum diagonal limitation in this field. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil. Except as provided in these rules, 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 units of FORTY (40) 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, operators shall file for each oil or gas well in this field a Form P-16 Acreage Designation. For oil 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. Operators may, however, file such proration unit plats for individual wells in the field if they so choose.

**RULE 4:** Allocation of allowable shall be based 100% on acreage. The maximum daily oil allowable for each oil well on an EIGHTY (80) acre unit in the subject field shall be the 142 barrels of oil per day. Vertical wells assigned the additional FORTY (40) acres of tolerance acreage, and horizontal wells assigned additional acreage pursuant to Statewide Rule 86 will qualify for proportionate increases in allowable.

**RULE 5:** All wells will be granted administratively, without the necessity of filing fees unless the Commission requires filing fees in the future for Statewide Rule 16(b) exceptions, an exception to the provisions of Rule 16(b) regarding the deadline for filing initial completion reports. Completion reports in this field are timely filed if filed within 90 days after completion of the well or within 150 days after the date on which the drilling operation is completed, whichever is earlier.

**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 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 9, the exception to Statewide Rule 51 (a) under this rule is automatically extended for the additional time.

**RULE 7:** A flowing oil well will be granted administratively, 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, which shall include the well flowing at a pressure in excess of 300 psig surface wellhead flowing pressure, an operator may obtain administratively from the district director, one or more extensions each with a duration of up to six months. If the request for an extension of time is denied, the operator may request a hearing. If a hearing is requested the exception shall remain in effect pending final Commission action on the request for an extension.

It is further **ORDERED** by the Railroad Commission of Texas that the Joint Resources Company Sierra Blanca 1H Well (API 42-165-38635), is hereby transferred from the Seminole (San Andres) Field into the Bale (San Andres 5500) Field without the need for a new drilling permit. However, a Form P-4, Producer's Transportation Authority and Certificate of Compliance, is required to be filed for all leases to change the field name. New lease numbers will be assigned if the operator does not already have an existing lease number assigned in the Bale (San Andres 5500) Field. Form P-16, Acreage Designation, and full lease plats are also required in the new field and should be sent to the Commission with the Form P-4 if acres are not already assigned to the operator's wells that meet the new field criteria. Operators must respond within sixty (60) days of this order's effective date.

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 21<sup>st</sup> day of August, 2018.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed  
by Hearings Divisions' Unprotested  
Master Order dated August 21, 2018)**