

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0309478

APPLICATION OF BOAZ ENERGY II OPERATING, LLC (078032) TO CONSOLIDATE THE DAWSON (DEVONIAN) FIELD INTO THE PEAK VICTOR (DEVONIAN) FIELD, CRANE COUNTY, TEXAS, AND AMEND THE PEAK VICTOR (DEVONIAN) FIELD RULES

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket heard on May 16, 2018 and June 18, 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 Dawson (Devonian) Field (ID No. 23543666) is hereby consolidated into the Peak Victor (Devonian) Field (ID No. 69922300).

It is further **ORDERED** by the Railroad Commission of Texas that wells in the Dawson (Devonian) Field be transferred into the Peak Victor (Devonian) Field without the need for new drilling permits.

It is further **ORDERED** by the Railroad Commission of Texas that a Form P-4, *Producer's Transportation Authority and Certificate of Compliance*, is required to be filed for all leases in the Dawson (Devonian) Field to change the field name to the Peak Victor (Devonian) Field. New lease numbers will be assigned if the operator does not already have an existing lease number assigned in the Peak Victor (Devonian) 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.**

It is further **ORDERED** by the Railroad Commission of Texas that the Field Rules for the Peak Victor (Devonian) Field, Crane County, Texas, are hereby amended. The amended Field Rules are hereby set out in their entirety as follows:

RULE 1: The entire correlative interval contains both Permian and Devonian age rock consisting of the Wichita or Lower Basal Permian and the Devonian formation from approximately 4,635 feet (upper contact of the Lower Basal Permian or Wichita formation) to 5,656 feet (lower contact of the Devonian formation) as shown on the Compensated Neutron-Litho-Density type log of the Nearburg Prod. Co. – Dawson "78" Lease Well No. 1, located 2450' FNL & 2310' FEL

of Section 78, Blk X, CCSD & RGNG RR Survey, A-400, Crane County, Texas. The entire correlative interval established as the Lower Basal Permian or Wichita formation and the Devonian formation shall be designated a single reservoir for proration purposes and be designated as the Peak Victor (Devonian) 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, except as hereafter prescribed. 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.

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.

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 proration units of TWENTY (20) acres.

RULE 4: 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.

There is no maximum diagonal limitation in this field.

RULE 5: The Peak Victor (Devonian) Field, will be produced under a maximum efficient rate ("MER") allowable of 200 BOPD for each well per Oil & Gas Docket No. 08-0270698, effective 7/11/2011.

RULE 6: The Peak Victor (Devonian) Field, will be produced under an Increased Net Gas-Oil Ratio of 2000 MCF/Day for each well per Oil & Gas Docket No. 08-0272701, effective 12/13/2011.

RULE 7: Allocation Formula based on 100% per well.

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 final and effective on the date the Master Order relating to the Final Order is signed.**

Done this 21st day of August 2018.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated August 21, 2018)**