

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET  
NO. 06-0307779**

**IN THE MINDEN (COTTON VALLEY  
CONS.) FIELD, RUSK AND PANOLA  
COUNTIES, TEXAS**

**FINAL ORDER  
GRANTING THE APPLICATION OF SABINE OIL & GAS CORPORATION TO  
AMEND FIELD RULES FOR THE MINDEN (COTTON VALLEY CONS.) FIELD, RUSK  
AND PANOLA COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on January 4, 2018, the presiding Technical Examiner and Administrative Law Judge ("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 06-0271584, on October 11, 2011, for the Minden (Cotton Valley Cons.) Field, Rusk and Panola Counties, Texas, are hereby amended. The amended Field Rules are hereby set out in their entirety as follows:

**RULE 1:** The entire correlative interval from 9,180 feet to 10,697 feet, as shown on the electric log of the El Paso Production Company, Rushton Lease, Well No. 1 (API No. 42-401-33218), M. del Carmel Survey, A-158, Rusk County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Minden (Cotton Valley Cons.) 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 limitations. The 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, 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 wells, the following shall apply:

a) No horizontal drainhole well for oil or gas shall hereafter be drilled such that the first and last take point are nearer than TWO HUNDRED (200) feet to any property line, lease line or subdivision line.

b) For each horizontal drainhole well, the perpendicular distance from any take point on such horizontal drainhole between the first take point and the 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 herein provided. Each proration unit containing less than FORTY (40) acres shall be a fractional proration unit. No double assignment of acreage will be accepted.

If after the drilling of the last oil or gas 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 lease acreage of less than FORTY (40) acres, then and in such event the remaining unassigned lease 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 meets 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, with a proportional acreage allowable credit for a well on such 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. 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 allowable production of gas from individual wells completed in a non-associated gas reservoir of 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 allowable, among the individual wells in the following manner:

FIVE percent (5%) of the total field allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission bears to the summation of the deliverability of all prorable wells producing from this field.

NINETY-FIVE percent (95%) of the total field allowable shall be allocated among the individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of the acreage with respect to all prorable wells producing from this 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.

It is further **ORDERED** that the allocation formula in the Minden (Cotton Valley Cons.) Field, Rusk and Panola Counties, Texas shall remain suspended. The allocation formula may be reinstated administratively if the market demand for gas in the Minden (Cotton Valley Cons.) Field drops below 100% of deliverability. If the market demand for gas in the Minden (Cotton Valley Cons.) Field drops below 100% of deliverability while the allocation formula is suspended, the operator shall immediately notify the Commission and the allocation formula shall be immediately reinstated.

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 20<sup>th</sup> day of March 2018.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Divisions' Unprotected Master  
Order dated March 20, 2018)**