

**THE RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0315181

**THE APPLICATION OF OCCIDENTAL PERMIAN LTD. TO AMEND THE FIELD RULES FOR
THE MIDLAND FARMS DEEP FIELD, ANDREWS COUNTY, TEXAS**

FINAL ORDER

The Commission finds that after statutory notice of the application made by Sabine Oil & Gas Corporation in the above-numbered docket heard on November 6, 2018, the presiding Examiner and Administrative Law Judge 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 submitted by Occidental Permian LTD., 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 Examiner's 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 Permanent Field Rules shall be adopted for the Midland Farms Deep Field, Andrews County, Texas.

RULE 1: No well for oil or gas shall hereafter be drilled nearer than **THREE HUNDRED AND THIRTY (330)** feet to any property line, lease line, or subdivision line. There is no minimum between well spacing requirement. 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. 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.

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 points are nearer than **ONE HUNDRED (100)** 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 AND THIRTY (330) feet.

RULE 2: The acreage assigned to the individual oil well for the purpose of allocating allowable oil 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. Except as permitted in Statewide 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 less than FORTY (40) acres, then and in such event the remaining unassigned acreage up to and including a total of TEN (10) 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. There is no maximum diagonal limitation in this field. For the determination of acreage credit in this field, operators shall file for each oil 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 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 3: The top allowable for an oil well in the field shall be 10 barrels of oil per day multiplied by the number of acres assigned to the well, not to exceed the number of acres permitted to be assigned under applicable rules.

It is further ORDERED that all other special field rules in effect for the Midland Farms Deep Field are cancelled.

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 the Final Order is presented at Commission conference and signed by the Commissioners

Done this 23rd day of January, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master Order
dated January 23, 2019)**