

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DOCKET NO. 8A-0312767

APPLICATION OF STEADFAST OIL & GAS, LLC (816594) TO AMEND FIELD RULES FOR THE WELCH FIELD, TERRY, GAINES AND DAWSON COUNTIES, TEXAS

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket heard on September 10, 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 for the Welch Field (No. 96062001), Terry, Gaines and Dawson Counties, Texas, are hereby amended. The amended Field Rules are set out in their entirety as follows:

RULE 1: No well 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. Provided, however, that the Commission will, in order to prevent waste or to prevent the confiscation of property, grant exceptions to permit drilling within shorter distances 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 this rule 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.

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 prescribed proration unit, except as hereafter prescribed.

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 in to the wellbore 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 point are nearer than ONE HUNDRED (100) feet to any property line, lease line or subdivision line.
- c. 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 2: (Deleted by Order No. 8A-76,397, Effective May 11, 1981.) (Deleted by Order No. 8A-76,397, Effective May 11, 1981.) Casing requirements rule.

RULE 3: (Deleted by Order No. 8A-76,397, Effective May 11, 1981.) Potential test requirement rule.

RULE 4: (Deleted by Order No. 8A-76,397, Effective May 11, 1981.) Gas-oil ratio rule.

RULE 5: The acreage assigned to the individual oil well for the purpose of allocating allowable oil production thereto shall be known as the prescribed proration unit. 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 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 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 fractional units of twenty (20) acres. A well on each such fractional proration unit shall have its allowable rate reduced

by multiplying the top allowable rate for a prescribed forty (40) acre unit by a fraction, the numerator of which is the amount of acreage in the fractional unit and the denominator is forty (40). The resulting number will be the allowable assignment for such fractional unit well.

For the determination of acreage credit in this field, operators shall file for each well in this field a Form P-16 Data Sheet 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 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 choose. Provided further, that if the acreage assigned to any well has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

RULE 6: The daily total oil allowable for the field as fixed by the Commission after deductions have been made for marginal wells, high gas-oil ratio wells, and wells which are incapable of producing their allowables as determined hereby, shall be distributed among the remaining producing wells in the field on the following basis:

(a) The daily acreage allowable for each remaining well shall be that proportion of seventy-five (75%) percent of such remaining daily field allowable that the acreage assigned to the well bears to the total acreage assigned to all the remaining wells in the field.

(b) The daily per well allowable for each remaining well shall be determined by dividing twenty-five (25%) percent of such remaining daily field allowable by the remaining number of producing wells.

(c) The total daily allowable for each such remaining well shall be the sum of its acreage and per well allowables.

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 their 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 23rd day of January 2019.

RAILROAD COMMISSION OF TEXAS

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