

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DOCKET NO. 08-0312763

APPLICATION OF CHEVRON U.S.A. INC. (148113) TO CONSOLIDATE THE CRAWAR (SAN ANDRES) AND SAND HILLS, WEST (SAN ANDRES) FIELDS INTO THE PROPOSED CRAWAR (SAN ANDRES CONS.) FIELD AND ADOPT PERMANENT FIELD RULES FOR THE PROPOSED CRAWAR (SAN ANDRES CONS.) FIELD, WARD AND CRANE COUNTIES, TEXAS

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket heard on August 22, 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.

It is **ORDERED** by the Railroad Commission of Texas that the Crawar (San Andres) Field (No. 21577630) and the Sand Hills, West (San Andres) Field (No.80481500) are hereby consolidated into the Crawar (San Andres Cons.) Field (Field No. 21577650). Wells in the Crawar (San Andres) Field (No. 21577630) and the Sand Hills, West (San Andres) Field (No.80481500) shall be transferred into the Crawar (San Andres Cons.) Field, Ward and Crane Counties, Texas.

Furthermore, it is **ORDERED** by the Railroad Commission of Texas that permanent field rules are adopted for the Crawar (San Andres Cons.) Field, in Ward and Crane Counties, Texas, and are numbered and set out in their entirety as follows:

RULE 1: The designated interval for the Crawar (San Andres Cons.) Field is the entire correlative stratigraphic interval from the top of the San Andres formation to the top of the Glorieta Formation, including the correlative stratigraphic interval from 3,148 feet to 4,094 feet shown on the log of the Chevron U.S.A. Inc., Edwards Lease, Well No. 11, API No. 42103344890000, PSL Survey, B18, Sec 29, Abstract - 211, Crane County, Texas. This entire correlative stratigraphic interval is designated as a single reservoir for proration purposes.

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 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. 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 Rule 37 and 38, which applicable provisions of said rule 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 the horizontal drainhole where oil and/or gas can be produced into 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 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.
- 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 or 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 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. Additional acreage may be assigned to each horizontal drainhole well pursuant to Statewide Rule 86. 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.

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 drilling units of TEN (10) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

An operator shall file Form P-16, Acreage Designation, with each drilling permit application and with each completion report for horizontal wells in this field. Proration unit plats are not required for wells in this field. The operator, however, may file proration unit plats for individual wells in this field. There is no maximum diagonal limitation in this field.

RULE 4: The maximum daily oil top allowable for each well in the subject field shall be 450 barrels oil per day (BOPD) and the actual allowable for an individual well shall be determined by the sum total of the two following values:

- a. Each well shall be assigned an allowable equal to the top allowable established for a well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by SEVENTY-FIVE percent (75%) and by then multiplying this value by a fraction, the numerator of which is the acreage assigned to the well and the denominator of which is the maximum acreage authorized for a proration unit exclusive of tolerance acreage.
- b. Each well shall be assigned an allowable equal to TWENTY-FIVE percent (25%) of the maximum daily oil allowable above.

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 prior existing fields to change the field name to the Crawar (San Andres Cons.) Field. New lease numbers will be assigned if the operator does not already have an existing lease number assigned in the Crawar (San Andres Cons.) 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 the right to file a motion for rehearing and the Final Order in this case 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 Unprotected Master
Order dated January 23, 2019)**