

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0311969

---

**APPLICATION OF VALENCE OPERATING COMPANY (881167) TO AMEND THE FIELD RULES FOR THE GOODSON-MCLARTY (RODESSA) FIELD, SMITH COUNTY, TEXAS**

---

### FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket heard on August 27, 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 Field Rules, for the Goodson-McLarty (Rodessa) Field (Field 35832500), Smith County, Texas are hereby adopted. The adopted Field Rules are set out in their entirety as follows:

**RULE 1:** The entire correlative interval is from the top to the base of the Rodessa formation identified from 9,482 to 9,900 feet as shown on the induction resistivity log from Baker Hughes dated March 23, 2010, for the Berkshire Operating, LLC - Bain No. 1 Well (API 42-423-32271), located 1650 FEL and 1450 FSL, Section 48, Don Thomas Quevedo Survey, A-18, Smith County, Texas. The entire correlative interval as described in the Bain No. 1 Well is a single reservoir for proration purposes and is designated as the Goodson-McLarty (Rodessa) Field (Field 35832500), Smith County, Texas.

**RULE 2:** No gas well shall hereafter be drilled nearer than THREE HUNDRED AND THIRTY (330) feet to any property line, lease line, or subdivision line; and no gas well shall be drilled nearer than SIX HUNDRED (600) feet to any applied for, permitted or completed gas well in the same reservoir on the same lease, pooled unit or unitized tract. The aforementioned distances for this rule are minimum distances to allow an operator flexibility in locating a gas 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 gas 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 gas well for the purpose of allocating allowable gas production thereto shall be known as a proration unit. The drilling and proration units are hereby established 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 a horizontal gas well pursuant to Rule 86, and the distance from the first take point to the last take point in the horizontal drainhole shall be used in such determination, in lieu of the distance from penetration point to terminus. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

If after the drilling of the last gas well on any lease and the assignment of acreage to each gas 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 gas well drilled on such lease or may be distributed among any group of gas wells located thereon, so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission.

For the determination of acreage credit in this field, operators shall file for each 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 gas well on the lease or unit for proration purposes. 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 allowable for the subject field is based on 100 percent deliverability. The daily allowable production of gas from individual wells completed in a non-associated gas reservoir shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the proportion that the deliverability of such well for proration purposes bears to the summation of the deliverability of all prorable wells producing in the field.

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 26<sup>th</sup> day of February 2019.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division's Unprotested Master Order  
dated February 26, 2019)**