

**THE RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0312216

APPLICATION OF XTO ENERGY INC. (945936) TO CONSOLIDATE THE KEYSTONE (DEVONIAN), KEYSTONE (SILURIAN), KEYSTONE (WADDELL), AND KEYSTONE (MCKEE) FIELDS INTO THE PROPOSED KEYSTONE (DEV-MCKEE CONS) FIELD, WINKLER COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice of the application filed by XTO Energy Inc. (945936) in the above-numbered docket heard on August 3, 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 XTO Energy Inc. 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 Keystone (Devonian), Keystone (Silurian), Keystone (Waddell) and Keystone (McKee) Fields are hereby consolidated into a field to be known as the Keystone (Dev-McKee Cons) Field and that the following Permanent Field Rules shall be adopted for the Keystone (Dev-McKee Cons) Field, (49129210) Winkler County, Texas.

RULE 1: The entire correlative interval from 7,799' feet to 10,068 feet as shown on the log of the Amoco – JJ Perkins B No. 2 (API No. 42-495-05270), Winkler County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Keystone (Dev-McKee Cons) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line, or subdivision line. No well for oil or gas shall hereafter be drilled nearer than ONE THOUSAND ONE

HUNDRED TEN (1,110) feet from any other well completed in this field located on the same lease or unitized tract. 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 in the field. 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.

RULE 3: The acreage assigned to an individual well 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. There is no maximum diagonal limitation in this field. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil. Except as provided in these rules, no double assignment of acreage will be accepted.

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 and Form P-16 1A and 2A Attachments as may be necessary for each particular lease. For oil and 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 so choose.

RULE 4:

- (a) The maximum daily oil allowable for each oil well on a FORTY (40) acre proration unit in the subject field shall be 121 barrels of oil per day.
- (b) Gas wells shall be assigned a daily allowable equal to 100% of their deliverability.

It is further **ORDERED** that existing wells permitted in the Keystone (Devonian), Keystone (Silurian), Keystone (Waddell) or Keystone (McKee) fields prior to the

consolidation of those fields into the Keystone (Dev-McKee Cons) Field will be transferred into Keystone (Dev-McKee Cons) Field by the field consolidation order as validly permitted wells in the newly consolidated Field. Operators of such wells will not be required to apply for new drilling permits in Keystone (Dev-McKee Cons) Field. If the locations of such wells do not comply with the spacing or density rules of Keystone (Dev-McKee Cons) Field they will nevertheless be transferred into Keystone (Dev-McKee Cons) Field by the field consolidation order without need for new drilling permit applications or spacing or density exceptions to the rules of the newly-consolidated Field.

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 Keystone (Dev-McKee Cons) Field. New lease numbers will be assigned if the operator does not already have an existing lease number assigned in the Keystone (Dev-McKee 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 the agreement of the applicant, this Final Order is final and effective when a Master Order relating to the Final Order is presented at Commission conference and signed by the Commissioners

Signed on February 26, 2019

RAILROAD COMMISSION OF TEXAS

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