

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 08-0317446

**APPLICATION OF BLACKBEARD OPERATING, LLC (073056) TO CONSIDER ADOPTING
PERMANENT FIELD RULES IN THE MONAHANS, NORTH FIELD, WINKLER COUNTY,
TEXAS**

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket on the application made by Blackbeard Operating, LLC (Operator No. 073056) heard on March 13, 2019, the 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 complies 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 following permanent field rules for the Monahans, North Field (Field No. 62417001), Winkler County, Texas are hereby adopted and are set out in their entirety as follows:

RULE 1: The entire correlative interval from 5,988 feet to 6,539 feet, the lower Clearfork formation, as shown on the Borehole Compensated Sonic Log of the Amoco Production Company, Sealy Smith A Lease, Well No. A-51 (API No. 42-495-31209), located in Section 53, Blk A of the G&MMB&A Survey, Winkler County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Monahans, North Field.

RULE 2: No well for oil shall hereafter be drilled nearer than **THREE HUNDRED THIRTY (330)** feet to any property line, lease line, or subdivision line, and no oil well shall be drilled nearer than **THREE HUNDRED THIRTY (330)** feet from any applied for, permitted, or completed well in the same reservoir on the same lease, pooled unit, or unitized tract. There is no spacing requirement between a vertical and a horizontal well. The aforementioned distances for this 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 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. 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.

An operator, at his option, shall be permitted to form optional proration units of TEN (10) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

There is no maximum diagonal limitation in this field.

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. 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 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 Monahans, North Field, may be produced under a maximum efficient rate ("MER") allowable of 250 barrels of oil per day and an unlimited net gas oil ratio for the field. The actual allowable for an individual well shall be based on the 100% acreage allocation formula.

Further, it is **ORDERED** by the Railroad Commission of Texas that the application of Blackbeard Operating, LLC for blanket Statewide Rule 10 exception authority is hereby approved to downhole commingle the Monahans, North Field and the Monahans, North (Clearfork) Field, Winkler County, Texas.

Acreage assigned to wells on any leases for allocation of allowable shall not be assigned to any other well or wells projected to be completed in the subject fields; such duplicate assignment of acreage is not acceptable, provided however, that this limitation shall not prevent the reformation of development or proration units so long as no duplicate assignment of acreage occurs, and further, that such reformation does not violate other conservation regulations.

The operator of any well downhole commingled in the subject fields shall file the appropriate drilling permit, completion forms, an abbreviated Statewide Rule 10 Data Sheet for Wells Subject to Fieldwide Statewide Rule 10 exception and shall file at the same time, the appropriate Commission required administrative Statewide Rule 10 exception downhole commingling fee.

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 effective on the date the Master Order relating to the Final Order is signed.**

Signed on June 18, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated June 18, 2019)**

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

HEARINGS DIVISION'S UNPROTESTED MASTER ORDER

June 18, 2019

At a public conference held at its offices in Austin, Texas, the Commission finds that after statutory notice, the below referenced proceedings were heard by the examiners and that no party appeared in protest to the requested relief. The Final Orders for each of the below referenced dockets are incorporated by reference into this order, and by signing this Master Order, the Commission approves each of the Final Orders and adopts the provisions contained therein.

ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
Field Rules:				
12.	08-0317446 (John Moore/ Jennifer Cook)	Blackbeard Operating, LLC (073056)	Monahans, North Field ("Field"), Winkler County, Texas	Grant the application
13.	03-0314553 (Petar Buva and Jennifer Cook)	H.E.X.T. Operating, Ltd. (340446)	Sally Withers Lake (Miocene) Field, Jasper County, Texas	Grant the application
Field Consolidation and Field Rules:				
14.	08-0315323 (Petar Buva and Jennifer Cook)	Occidental Permian Ltd. (617544)	Inez (Consolidated) Field, Andrews County, Texas	Grant the application
Net Gas-Oil Ratio:				
15.	03-0318564 (John Moore/ Ezra Johnson)	Petrodome Operating, LLC (660286)	SW Riverside Unit (27002) Lease, Well No. 1, Southwest Riverside (Hackberry) Field, Orange County, Texas	Grant the application
Statewide Rule 32:				
16.	05-0317020 (Robert Musick/ Dee Marlo Chico)	Hawkwood Energy Operating, LLC (367676)	Herring (04276) Lease, Well No.1H, and Pike (04251) Lease, Well No. 1H, Aguila Vado (Eagle Ford) Field, Burlinson County, Texas	Grant Exception to Statewide Rule 32
17.	08-0318487 (John Moore/ Jennifer Cook)	WPX Energy Permian, LLC (942623)	CBR 9-4M (Gas ID No. 285324) Lease, Sandbar (Bone Spring) Field, Loving County, Texas	Grant Exception to Statewide Rule 32
18.	08-0318483 John Moore/ Jennifer Cook)	WPX Energy Permian, LLC (942623)	CBR 11-2 (Gas ID No. 284847) Lease, Sandbar (Bone Spring) Field, Loving County, Texas	Grant Exception to Statewide Rule 32
19.	08-0318480 (John Moore/ Jennifer Cook)	WPX Energy Permian, LLC (942623)	CBR 9-4A Lease & CBR 9-4B Lease, Central Flare Stack, Phantom (Wolfcamp) Field, Loving County, Texas	Grant Exception to Statewide Rule 32
20.	08-0318488 (John Moore/ Jennifer Cook)	WPX Energy Permian, LLC (942623)	YMC 9 Central Flare Point, Phantom (Wolfcamp) Field, Loving County, Texas	Grant Exception to Statewide Rule 32
21.	01-0317867 (John Moore/ Jennifer Cook)	EXCO Operating Company, LP (256915)	Calvert Ranch FRO Central Facility, Calvert Ranch FRO (17100) Lease, Briscoe Ranch (Eagleford) Field, Frio County, Texas	Grant Exception to Statewide Rule 32
22.	01-0318015 (John Moore/ Jennifer Cook)	EXCO Operating Company, LP (256915)	Boll Fro (17440) Lease, Briscoe Ranch (Eagleford) Field, Frio County, Texas	Grant Exception to Statewide Rule 32
23.	8A-0318196 (John Moore/ Jennifer Cook)	Windy Cove Energy II, LLC (931787)	Sapphire Facility (70806) Lease, Platang (San Andres) Field, Cochran County, Texas	Grant Exception to Statewide Rule 32

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ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Statewide Rule 32 (Continued):</u>				
24.	10-0317983 (John Moore/ Jennifer Cook)	Valpoint Operating, LLC (881377)	Saphire Facility (70806) Lease, Platang (San Andres) Field, Cochran County, Texas	Grant Exception to Statewide Rule 32
25.	08-0316361 (Austin Gaskamp/ Jennifer Cook)	Anadarko E&P Onshore LLC (020528)	Various Facilities, Phantom (Wolfcamp) Field, Loving, Reeves, & Ward Counties, Texas	Grant Exception to Statewide Rule 32
26.	08-0316363 (Austin Gaskamp/ Jennifer Cook)	Anadarko E&P Onshore LLC (020528)	Various Facilities, Sandbar (Bone Spring) Field, Loving, Reeves, & Ward Counties, Texas	Grant Exception to Statewide Rule 32
27.	03-0315929 (Austin Gaskamp Ezra Johnson)	Armor Lonestar, LLC (031580)	E F.W. Luecke (26657) Lease, Southern Bay (Eagle Ford) Field, Lee County, Texas	Grant Exception to Statewide Rule 32
28.	8A-0317448 (Robert Musick/ Kristi Reeve)	Mammoth Exploration LLC (523592)	Hudson (70797) Lease, Well No. 601H, Sable (San Andres) Field, Cochran County, Texas	Grant Exception to Statewide Rule 32
29.	08-0318142 (Petar Buva/ Dee Marlo Chico)	WPX Energy Permian, LLC (942623)	Covington 46 Lease, Well Nos. 9H, 10H and 11H, Phantom (Wolfcamp) Field, Reeves County, Texas	Grant Exception to Statewide Rule 32
30.	08-0318112 (Petar Buva/ Dee Marlo Chico)	WPX Energy Permian, LLC (942623)	Bighorn 56-1-19 Lease, Well Nos. 1H, 2H, and 3H Phantom (Wolfcamp) Field, Loving County, Texas	Grant Exception to Statewide Rule 32
31.	08-0318176 (Petar Buva/ Kristi M. Reeve)	Callon Petroleum Operating Co. (124828)	Sluice Box 4-2 (41762) Lease, Phantom (Wolfcamp) Field, Reeves County, Texas	Grant Exception to Statewide Rule 32
<u>Statewide Rule 40:</u>				
32.	08-0315102 (Robert Musick/ Kristi M. Reeve)	Oasis Petroleum Permian LLC (617484)	UL 20 Tensleep (49659) Lease, Well No. 1H, Phantom (Wolfcamp) Field, Ward County, Texas	Grant the application
33.	08-0313949 (Robert Musick/ Kristi M. Reeve)	Oasis Petroleum Permian LLC (617484)	UL 20 Pitchfork (50037) Lease, Well No. 2H, Phantom (Wolfcamp) Field, Winkler County, Texas	Grant the application
<u>Statewide Rule 106 – Sour Gas Pipeline:</u>				
34.	08-0318388 (John Moore)	APR Operating, LLC (028612)	Maverick Sour Gas Gathering System, Culberson & Reeves Counties, Texas	Grant the application
35.	05-0319086 (Petar Buva)	Kudu Midstream LLC (478441)	Golf Lake Gathering 16 to Plant Line, Bald Prairie (CV Consolidated) Area, Robertson County, Texas	Grant the application
36.	05-0319087 (Petar Buva)	Kudu Midstream LLC (478441)	Gold Lake #1 to Enbridge 6 Line, Bald Prairie (CV Consolidated) Area, Robertson County, Texas	Grant the application
37.	05-0319089 (Petar Buva)	Kudu Midstream LLC (478441)	Currie #1 to Plant Line, Bald Prairie (CV Consolidated) Area, Robertson County, Texas	Grant the application

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ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Single Signature P-4:</u>				
38.	01-0319496 (Jennifer Cook)	Patterson Energy Corporation (643402)	Miller (17899) Lease, Well No. 1H, Briscoe Ranch (Eagleford) Field, Dimmit County, Texas	Approve change of operator from Gambit Resources, Inc. (Operator No. 293427) to Patterson Energy Corporation
39.	8A-0319570 (Kristi M. Reeve)	Apache Corporation (027200)	Mallet Land & Cattle Company (65946) Lease, Well Nos. 3 and 4, Mallet (Fusselman) Field, Cochran County, Texas	Approve change of operator from Miocene Oil & Gas, Ltd. (Operator No. 570315) to Apache Corporation
40.	08-0319503 (Kristi M. Reeve)	Arch Oil & Gas, LLC (029272)	Olcott, D. (07232) Lease, All Wells, Ward, South Field, Ward County, Texas	Approve change of operator from 7S Oil & Gas, LLC (Operator No. 954992) to Arch Oil & Gas, LLC
41.	8A-0319664 (Kristi M. Reeve)	Borderline Operating Corp. (082999)	Smithy-Rackley "A" Unit (69032) Lease, Well No. 1, Girard, N. (Tannehill) Field, Dickens County, Texas	Approve change of operator from TKP Petroleum, Inc. (Operator No. 860891) to Borderline Operating Corp.
42.	8A-0319665 (Kristi M. Reeve)	Borderline Operating Corp. (082999)	Smithy (69110) Lease, Well No. 1, Girard, N. (Tannehill) Field, Dickens County, Texas	Approve change of operator from TKP Petroleum, Inc. (Operator No. 860891) to Borderline Operating Corp.
43.	8A-0319666 (Kristi M. Reeve)	Borderline Operating Corp. (082999)	Smithy-Rackley Unit (67907) Lease, Well No. 1, Girard, N. (Tannehill) Field, Dickens County, Texas	Approve change of operator from TKP Petroleum, Inc. (Operator No. 860891) to Borderline Operating Corp.
<u>Good Faith Claim Review:</u>				
44.	09-0319133 (Jennifer Cook)	Vanco Oil & Gas Corp. (881484)	Hoeck (Gas ID No. 258588) Lease, Newark, East (Barnett Shale) Field, Erath County, Texas	Deny the application to change the operator of record from Alaron Energy, Inc. to Vanco Oil & Gas Corp.
45.	09-0319134 (Jennifer Cook)	Vanco Oil & Gas Corp. (881484)	Moe (Gas ID No. 217189) Lease, Newark, East (Barnett Shale) Field, Bosque County, Texas	Deny the application to change the operator of record from Alaron Energy, Inc. to Vanco Oil & Gas Corp.
46.	7C-0319135 (Jennifer Cook)	Vanco Oil & Gas Corp. (881484)	Pearson, Frank Reef Unit (07561) Lease, Frank Pearson (Strawn Reef) Field, Coke County, Texas	Deny the application to change the operator of record from Alaron Energy, Inc. to Vanco Oil & Gas Corp.
47.	04-0319136 (Jennifer Cook)	Vanco Oil & Gas Corp. (881484)	Schmidt, H.G. (Gas ID No. 079420) Lease, Wade City (2300) Field, Jim Wells County, Texas	Deny the application to change the operator of record from Alaron Energy, Inc. to Vanco Oil & Gas Corp.

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ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Good Faith Claim Review (Continued):</u>				
48.	04-0319137 (Jennifer Cook)	Vanco Oil & Gas Corp. (881484)	Bruns (Gas ID No. 257960) Lease, Quinto Creek (Kohler) Field, Jim Wells County, Texas	Deny the application to change the operator of record from Alaron Energy, Inc. to Vanco Oil & Gas Corp.
49.	09-0319368 (Kristi M. Reeve)	Bitter Creek Petroleum Co. (072587)	Styles (28261) Lease, Well Nos. 1 and 5, Styles (Tannehill) Field, Knox County, Texas	Find Bitter Creek does not have a good faith claim and order the wells plugged and abandoned.
50.	7B-0319051 (Kristi M. Reeve)	TAM2 Squared Energy Services, LLC (835624)	Dawson-Conway 195 "B" (12820) Lease, Well Nos. 1 A, 1 B, 1 C, 2 C, 3 B, 4 B, 5 B, 6, 7, and 8; the Dawson & Conway 195B -A- (30148) Lease, Well No. 9A; and the Dawson-Conway 195 "B"-B (30184) Lease, Well No. 12, Shackelford County Regular Field, Shackelford County, Texas	Find TAM2 does not have a good faith claim and order the wells plugged and abandoned.
51.	7B-0319052 (Kristi M. Reeve)	TAM2 Squared Energy Services, LLC (835624)	Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, & 13, Shackelford County Regular Field, Shackelford County, Texas	Find TAM2 does not have a good faith claim and order the wells plugged and abandoned.
<u>Motion for Rehearing:</u>				
52.	20-0319156 (Joseph Menefe)	Trivista Operating LLC (871169)	N/A	Grant Motion for Rehearing; dismiss underlying docket as moot.
53.	20-0319539 (Joseph Menefe)	Diamond S Masada LLC (216984)	N/A	Grant Motion for Rehearing; dismiss underlying docket as moot.
54.	20-0319543 (Joseph Menefe)	PNP Operating Company LLC (668542)	N/A	Grant Motion for Rehearing; dismiss underlying docket as moot.
55.	20-0319544 (Joseph Menefe)	Progenies Operating LLC (681161)	N/A	Grant Motion for Rehearing; dismiss underlying docket as moot.
56.	20-0319550 (Joseph Menefe)	West Oil Resources, LLC (910254)	N/A	Grant Motion for Rehearing; dismiss underlying docket as moot.
57.	20-0319551 (Joseph Menefe)	Wineridge Inc. (931800)	N/A	Grant Motion for Rehearing; dismiss underlying docket as moot.

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ITEM NO.	DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Motion for Rehearing (Continued):</u>				
58.	20-0319158 (Joseph Menefe)	VT Vistatex Energy (887723)	N/A	Grant Motion for Rehearing; dismiss underlying docket as moot.
59.	20-0319537 (Joseph Menefe)	Caribbean Energy, L.L.C. (131775)	N/A	Grant Motion for Rehearing; dismiss underlying docket as moot.
60.	20-0319540 (Joseph Menefe)	Global XRC Corp (310348)	N/A	Grant Motion for Rehearing; dismiss underlying docket as moot.

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IT IS ORDERED that each referenced Final Order shall become effective when this Order is signed and that a copy of this Order shall be affixed to each Final Order.

Signed on June 18, 2019.

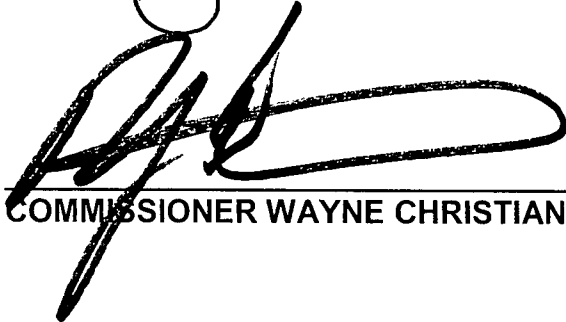
RAILROAD COMMISSION OF TEXAS



CHAIRMAN CHRISTI CRADDICK

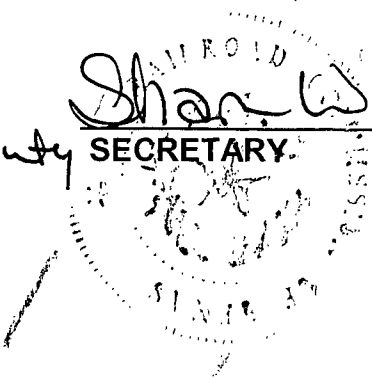



COMMISSIONER RYAN SITTON



COMMISSIONER WAYNE CHRISTIAN

ATTEST:

Deputy SECRETARY