

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0311970

APPLICATION OF VALENCE OPERATING COMPANY (881167) TO AMEND THE FIELD RULES FOR THE GOODSON (TRAVIS PEAK) FIELD, SMITH COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("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 ("Report") 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 consideration of this matter, hereby adopts as its own the findings of fact and conclusions of law contained in the Report and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

It is **ORDERED** that the Field Rules, for the Goodson (Travis Peak) Field (No. 35830500) are hereby amended. The amended 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 Travis Peak formation identified from 10,380 feet to 10,720 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 (Travis Peak) Field.

RULE 2: No oil well shall hereafter be drilled nearer than **THREE HUNDRED AND THIRTY (330)** feet to any property line, lease line, or subdivision line; and no well shall be drilled nearer than **SIX HUNDRED (600)** feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. There is no minimum between well spacing limitation between horizontal and vertical wells. 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. 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 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.

Provided, however, that for purposes of spacing for horizontal 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 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 shall hereafter be drilled such that the first and last take point are nearer than TWO HUNDRED (200) 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 AND 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 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 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 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.

For the determination of acreage credit in this field, operators shall file for each

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. 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 a 100 percent acreage assignment. The actual oil allowable for an individual oil well in the field shall be determined by multiplying the allowable for a well in the field by a fraction consisting of the numerator which is the acreage assigned to the well for proration purposes and the denominator which is the standard acreage authorized by these field rules for proration purposes.

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.**

Signed on August 6, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated August 6, 2019)**