

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 8A-0319701

**APPLICATION OF RELIANCE ENERGY, INC. (700995) TO AMEND FIELD RULES
FOR THE ILLUSION LAKE (SAN ANDRES) FIELD, LAMB AND HOCKLEY
COUNTIES, TEXAS**

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket heard on July 22, 2019, the Technical Examiner and Administrative Law Judge (“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 on October 1, 2019.

The Commission, after consideration of the matter, hereby adopts as its own the findings of fact and conclusions of law contained in the Examiners’ Report and Recommendation 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 Commission that the Field Rules for Illusion Lake (San Andres) Field are hereinafter set out.

Rule 1: The correlative interval from 4,070 feet to 4,170 feet as shown on the log of the Tommy Swanson Oil Company, Inc. – Young Lease Well No. 14 (API No. 42-279-30390), shall be designated as a single reservoir for proration purposes and be designated as the Illusion Lake (San Andres) Field.

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 requirement. 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 the 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. The first take point and last take point in a horizontal drainhole well shall not be nearer than ONE HUNDRED (100) feet from the property line, lease line, or subdivision line and the minimum distance measured perpendicular to a horizontal drainhole from any take point on such drainhole to any point on 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 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 otherwise provided herein or in the Commission's Statewide Rules provided that, tolerance acreage of up to TEN (10) acres per well may be added to any proration unit so long as proration units resulting from the inclusion of such additional acreage meet the limitations presented by the Commission. The two farthestmost points in any proration unit shall not be in excess of TWO THOUSAND ONE HUNDRED (2,100) feet removed from each other; provided however, that in the case of long and narrow leases or in cases where because of the shape of the lease such is necessary to permit the utilization of tolerance acreage, the Commission may after proper showing grant exceptions to the limitations as to the shape of proration units as herein contained. 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.

An operator, at his option, shall be permitted to form optional drilling and fractional proration units of TWENTY (20) acres, with a proportional acreage allowable credit for a well on fractional proration units. The two farthestmost points of a TWENTY (20) acre fractional proration unit shall not be greater than ONE THOUSAND FIVE HUNDRED (1,500) feet removed from each other. For the determination of acreage credit in this field, operators shall file for each well in this field a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units, or form P-16 Data Sheet 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 not be required to file plats with the Form P-15 or Form P-16 Data Sheet showing individual proration units for oil wells. Operators may, however, file such proration unit plots for individual wells in the field if they choose. Provided further, that if the acreage assigned to any well has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

It is further ordered by the Railroad Commission of Texas that Tommy Swanson Oil Company, Inc. is granted exception to the density and spacing rules of the Illusion Lake (San Andres) Field for its Young Lease (10649), subject to the following terms and conditions:

1. The unit's density will not exceed that authorized by applicable field rules, within the limits of the lease.
2. That no well under the provisions of this order will be drilled closer than the applicable lease/unit line spacing rule without first having given at least 10 days' notice to offset operators and after public hearing, if protest to such proposed location is filed with Commission.
3. That all applications to drill wells (Form W-1) under the authority of this order be submitted to the Rule 37 Department for approval.

Rule 4: The maximum daily oil allowable for a well in the field shall be determined by multiplying the applicable yardstick allowable for a well in the field by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for proration purposes, exclusive of tolerance acreage. The daily oil allowable for a well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

Pursuant to § 2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed.

Done this 1st day of October 2019, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated October 1, 2019)**