

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 08-0322585**

**APPLICATION OF ELEVATION RESOURCES LLC (247756) FOR SEPARATION OF THE EMMA (MISSISSIPPIAN) INTO TWO FIELDS, PERMANENT GAS WELL CLASSIFICATION FOR CERTAIN WELLS IN THE NEW FIELD, AND FOR FIELD RULES TO BE PLACED IN THE PROPOSED NEW FIELD, EMMA (BARNETT SHALE) FIELD, ANDREWS COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice of the application made by Elevation Resources LLC (247756) in the above-numbered docket heard on May 6, 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 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.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the Emma (Mississippian) Field shall be separated into two fields, the Emma (Mississippian) Field and the Emma (Barnett Shale) Field, Andrews County, Texas. The Emma (Mississippian) Field shall be governed by the field rules adopted in the Oil and Gas Docket No. 08-0318613, while the Emma (Barnett Shale) Field shall be governed by the following permanent field rules:

**RULE 1:** The entire correlative interval from 10,430 feet to 10,920 feet as shown on the Three Rivers Operating Company II, LLC University 30 Cobra #3033 well (API No. 42-003-46646), Spectral Density Dual Spaced Neutron Spectral Gamma Ray Microlog, Andrews County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Emma (Barnett Shale) 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 for this rule are minimum distances to allow an operator flexibility in locating a well, and the above spacing rule and the other rule 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.

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 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 or gas shall hereafter be drilled such that the first and last take point are nearer than ONE HUNDRED (100) feet to any property line, lease line or subdivision line.
- c. For each horizontal well, the perpendicular distance from any take point on such horizontal drainhole between the first take point and the last take point to any on any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.

For the purpose of assigning additional acreage to a horizontal well pursuant to Statewide Rule 86, 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.

**RULE 3a:** 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 oil 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 oil well drilled on such lease or may distributed among any group of oil wells located thereon, so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission.

**RULE 3b:** 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

standard drilling and proration units are established hereby to be FORTY (40) acres. No proration unit shall consist of more than FORTY (40) acres; provided that tolerance acreage of ten (10) percent shall be allowed for each standard gas proration unit so that an amount not to exceed a maximum of FORTY-FOUR (44) acres may be assigned. Each gas proration unit containing less than FORTY-FOUR (44) acres shall be a fractional proration unit. 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.

For the determination of acreage credit in this field, operators shall file for each gas well in this field 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 be required to file, along with the Form P-15 or P-16, a plat of the lease, unit or property; provided that such plat shall not be required to show individual proration units. 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. There is no maximum diagonal limitation in this field.

**RULE 4a:** The maximum daily oil allowable for each well in the subject field shall be determined by multiplying 210 barrels of oil per day 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 a vertical well for proration purposes, exclusive of tolerance acreage. Each oil well shall have unlimited net gas-oil ratio authority.

The maximum daily allowable for a horizontal drainhole well in the field shall be determined by multiplying the applicable allowable for a vertical well in the field with a proration unit containing the maximum acreage authorized by the applicable rules for the field, exclusive of tolerance acreage, by a fraction:

- A. the numerator of which is the acreage assigned to the horizontal drainhole well for proration purposes; and
- B. the denominator of which is the maximum acreage authorized by the applicable field rules for proration purposes, exclusive of tolerance acreage.

**RULE 4b:** The daily allowable production of gas from individual wells completed in the subject field 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 following manner:

NINETY-FIVE percent (95%) of the total field allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission,

bears to the summation of the deliverability of all prorable wells producing in this field.

FIVE percent (5%) of the field's total allowable shall be allocated among all the individual prorable wells producing in the field.

The allocation formula for gas wells in the Emma (Barnett Shale) Field shall be suspended. The allocation formula for the gas field may be reinstated administratively, in accordance with the Commission rules, if the market demand for gas in the Emma (Barnett Shale) Field drops below 100% of deliverability.

**RULE 5:** Any well in the Emma (Barnett Shale) or the Emma (Mississippian) completed with a gas-liquid hydrocarbon ratio (GLR) of 3,000 cubic feet per barrel and above, the operator may elect to have such well permanently classified as a gas well without the need of further administrative review effective the date of initial completion, provided the initial producing GLR was determined by stabilized well test conducted within 180 days of well completion and in accordance with the GLR determination requirements of Commission procedures as indicated on Forms G-1, G-5, or W-2 as appropriate, and using gas measurement methods as described in the current Commission publication Gas-Oil Ratio Calculation, or methods of at least equal accuracy. Further, applications to reclassify existing wells as permanent gas wells must be made within 90 days of the effective date of this order.

It is further **ORDERED** by the Railroad Commission of Texas that the various wells listed in the following table are hereby transferred into the Emma (Barnett Shale) Field without requiring new drilling permits.

Lease	Well No.	RRC Identifier	API No.
UL G 1-15 Unit	2H	Lease #48805	42-003-47464
UL G 9-46 Unit	2H	Lease #49170	42-003-47478
UL G 1-20	6H	Lease #49493	42-003-47534
UL G 10-24 Unit	3H	Lease #49589	42-003-47599
UL G 9-41 Unit	2H	Lease #50033	42-003-47676
UL G 1-22 Unit	5H	Lease #50174	42-003-47661
UL G 1-4 Unit	5H	Lease #50669	42-003-47740
UL G 1-15	4H	Drilling Permit #839006	42-003-47804

UL G 1-28 Unit	3H	Drilling Permit #824678	42-003- 47523
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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 Emma (Barnett Shale) Field. New lease numbers will be assigned if the operator does not already have an existing lease number assigned in the Emma (Barnett Shale) Field. A 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 comply with the order within sixty (60) days of this order's final and effective date.**

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 the 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 October 1, 2019.

#### **RAILROAD COMMISSION OF TEXAS**

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