

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0322246

APPLICATION OF APACHE CORPORATION (027200) FOR AN EXCEPTION TO STATEWIDE RULE 40 FOR THE WEST HALF OF SECTION 29, THE WEST HALF OF SECTION 32, AND THE WEST HALF OF SECTION 41 IN BLOCK 36, T4S, SPRABERRY (TREND AREA) FIELD, GLASSCOCK COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on October 17, 2019, by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law.

Findings of Facts

1. Apache Corporation ("Apache" or "Applicant") requests an exception to Statewide Rule 40 (16 Tex. Admin. Code § 3.40) for the west half of Sections 29, 32, and 41 in Block 36, T4S, Spraberry (Trend Area) Field ("Field") in Glasscock County, Texas.
2. Statewide Rule 40 prohibits the double assignment of acreage to non-stacked horizontal wells in the same field.
3. Notice of Apache's request was provided to affected persons.
4. No protests were received for the Statewide Rule 40 exception requested by Apache.
5. The correlative interval for the Spraberry (Trend Area) Field is 6,865 feet to 10,605 feet deep, as defined in the type log of Well No. 1, API 42-329-31029. The Field consists of the all reservoirs between the top of the Clearfork and the top of the Strawn Formations.
6. The west half of Sections 29, 32, and 41 in Block 36, T4S, Spraberry (Trend Area) Field ("Field") in Glasscock County, Texas total approximately 960 acres.
7. In the northwest quarter of Section 29 (Tract 6), there is a depth severance of mineral ownership from Surface to 8,500 feet and from 8,500 feet to the basement.
8. In the southwest quarter of Section 29 (Tract 5), there are six depth severances. The first depth severance is from surface to 8,550 feet. The second severance is

from 8,550 feet to 8,580 feet. The third severance is from 8,580 feet to 9,078 feet. The fourth severance is from 9,078 feet to the base of the Wolfcamp formation. The fifth severance is from the base of the Wolfcamp formation to 100 feet below the base of the Wolfcamp. The sixth depth severance is from 100 feet below the base of the Wolfcamp to the basement.

9. The northwest quarter of Section 32 has no depth severances (Tract 4).
10. The southwest quarter of Section 32 has two depth severances (Tract 3). The first is from the surface to the base of the Dean Formation. The second is from the base of the Dean Formation to the basement.
11. The northwest quarter of Section 41 has no depth severance (Tract 2).
12. The southwest quarter of Section 41 has two depth severances (Tract 1). The first is from the surface to 9,200 feet. The second is from 9,200 feet to the basement.
13. The depth severances on the tracts described above were created by Pugh clauses or assignments of lease interest.
14. Apache has drilled a horizontal well that traverses tracts 4 through 6, the Calverley, JB 2932 (Alloc) (49135) Lease, Well No. 1H, API 42-173-37528. In order to drill additional wells, Apache needs Rule 40 exceptions to all of the depths described in the tracts above.
15. The Field has several formations that contain a series of stacked benches that are the primary targets of horizontal drilling and production. Without these exceptions to Statewide Rule 40, operators who lease the deeper benches in the same Commission designated field cannot obtain permits to drill and produce from these benches.
16. The average one-mile lateral Spraberry horizontal well in the Spraberry (Trend Area) Field produces approximately 300 thousand barrels of oil equivalent. Without an exception to Statewide Rule 40, this production will be unrecovered. The exceptions to Statewide Rule 40 on the tracts are necessary for Apache to produce its fair share of the hydrocarbons from its leasehold estate.
17. Granting these Statewide Rule 40 exceptions are necessary to prevent waste and to protect correlative rights.
18. The Statewide Rule 40 exceptions are necessary for Apache to drill, complete, and produce the Field in the depth severances shown on Attachment A to this Order.
19. The Statewide Rule 40 exceptions will allow Apache to produce hydrocarbons that would otherwise go unproduced and unrecovered.

20. Granting the Statewide Rule 40 exceptions will protect the correlative rights of offset operators.
21. Matador agreed that the Final Order in this case is to be final and effective when a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice. See, e.g., *Tex. Gov't Code* §§ 2001.051, 052; 16 *Tex. Admin. Code* § 1.42.
2. The Commission has jurisdiction in this case. See, e.g., 16 *Tex. Nat. Res. Code* §81.051.
3. Apache's application for multiple exceptions, up to seven per tract, to Statewide Rule 40 for all of the depth severances and tracts as described in Attachment A for the west half of Sections 29, 32, and 41 in Block 36, T4S, Spraberry (Trend Area) Field ("Field") in Glasscock County, Texas is necessary to prevent waste and protect correlative rights.
4. This Final Order is final and effective on the date a Master Order relating to this Final Order is signed. *Tex. Gov't Code* § 2001.144(a)(4)(A).

Therefore, it is **ORDERED** that the west half of Sections 29, 32, and 41 in Block 36, T4S, Spraberry (Trend Area) Field in Glasscock County, Texas is **GRANTED** exceptions to Statewide Rule 40 (16 *Tex. Admin. Code* § 3.40) in the Spraberry (Trend Area) Field for up to seven exceptions per tract as shown on Attachment A. The acreage and depths shown on Attachment A may be assigned for drilling, development or for allocation of allowables or other purposes to this well, or to anyone or more additional wells on the same lease or pooled unit, or to any production sharing unit or allocation well including this lease or unit so long as the well density complies with §3.38 and §3.40 of the Commission's statewide rules and/or special field rules, and any amendments and/or revisions thereof.

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 the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.**

Signed on November 19, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated November 22, 2019)**