RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISON

OIL AND GAS DOCKET NO. OG-19-00002029

THE APPLICATION OF RING ENERGY INC. (712382) TO AMEND FIELD RULES AND CANCEL OVERPRODUCTION FOR THE MATTHEWS (BRUSHY CANYON) FIELD, CULBERSON COUNTY, TEXAS; DISTRICT 08

FINAL ORDER

The Commission finds that after statutory authority notice of the application made by Ring Energy, Inc. (Operator No. 712382) in the above-numbered docket heard on February 12, 2020, the presiding 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 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 field rules for the Matthews (Brushy Canyon) Field (Field No. 58327075) in Culberson County, Texas are hereby amended. The amended field rules are set out in their entirety as follows:

RULE 1: The entire correlative interval from 4,569 feet to 6,096 feet as shown on the log of the Catclaw State Waterflood Unit, Well No. 17A (API No. 42-109-32462), Culberson County, Texas shall be designated as a single reservoir for proration purposes and be designated as the Matthews (Brushy Canyon) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line, or subdivision line. There is no minimum between well spacing limitation. 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 purposes 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 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 Rule 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 drainhole wells, the following shall apply:

a. No horizontal drainhole well for oil or gas 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.

b. For each horizontal well, the perpendicular distance from any take point on such drainhole between the first take point and last take point to any point or any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED (300) feet.

RULE 3: The acreage assigned to the individual oil or gas well for the purpose of allocating allowable oil or gas production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) 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 or gas. No double assignment of acreage will be accepted.

Furthermore, for the purpose of additional acreage assignment to horizontal drainhole wells under Statewide Rule 86(d)(1), the amount specified by applicable rules for a proration unit for a vertical well shall be the EIGHTY (80) acres as provided in Rule 3 plus the acreage assigned pursuant to the chart, referenced in Statewide Rule 86(d)(1) and identified as “For Fields with a Density Rule Greater than 40 acres,” shall apply to the Matthews (Brushy Canyon) 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 lease, unit or property; provided that such plat shall not be required to show individual proration units. There is no maximum diagonal in this field.

RULE 4: The maximum daily oil allowable for each well in the subject field shall be 500 barrels of oil per day and the actual allowable for an individual well shall be determined by the sum total of the two following values:

a. Each well shall be assigned an allowable equal to the top allowable established for a well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by 5% and then multiplying this value by a fraction, the numerator of which is the acreage assigned to the well and the denominator which is the maximum acreage authorized by these rules for a proration unit, exclusive of tolerance acreage.

b. Each well shall be assigned an allowable equal to the top allowable established for a well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by 95%, provided this value shall not exceed the potential based on the most recent well test filed with the Commission multiplied by 95%.

It is further **ORDERED** that all accumulated overproduction in the field is hereby canceled.

Pursuant to §2001.144(a)(4)(A), of the Texas Government Code and 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 this Final Order is signed.**

Done this 21st day of April 2020.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by Hearings Division's Unprotested Master Order dated April 21, 2020)