

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0325698

APPLICATION OF WALSH PETROLEUM, INC. (894720) TO CONSOLIDATE THE BRAHANEY, EAST (SAN ANDRES) AND WBD (SAN ANDRES) FIELDS INTO THE PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS; DISTRICT 8A

FINAL ORDER

The Commission finds that after statutory notice of the application made by Walsh Petroleum, Inc. (894720) in the above-numbered docket heard on May 22, 2020, 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 review and due consideration of this matter, hereby adopts as its own the findings of fact and conclusions of law contained in the Examiners' report 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 Brahaney, East (San Andres) Field (11311500) and the WBD (San Andres) Field (94215500) be consolidated into the Platang (San Andres) Field (71823666) in Yoakum County, Texas. The Field Rules for Platang (San Andres) Field adopted on May 20, 2020, in Oil & Gas Docket No. 19-00002099, are set out in their entirety as follows:

RULE 1: The correlative interval for the Platang (San Andres) Field is from 4,533 feet to 5,981 feet and is a stratigraphic interval from the top of the San Andres formation which is overlain by the Grayburg formation at about 4,533 feet and underlain by the Glorietta formation at 5,981 feet. The Platang (San Andres) Field is shown on the log of the Arco Oil & Gas Co.'s Fee 123 Lease, Well No. 1 (API 42- 501-32167), located in Section 123, Block D, J. H. Gibson Survey, Yoakum County, Texas. The correlative interval will include the entire San Andres formation and shall be a single reservoir for proration purposes and be designated as the Platang (San Andres) 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. 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 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 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.

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 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 or gas shall be drilled such that the first and last take points are nearer than ONE HUNDRED (100) 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.

For the purposes 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 the penetration point to terminus.

In addition to the penetration point and the terminus of the wellbore required to be identified on the drilling permit application (Form W-1H) and plat, the first and last take points must also be identified on the drilling permit application (remarks section) and plat. Operators shall file an as-drilled plat showing the path, penetration point, terminus and the first and last take points of all drainholes in horizontal wells, regardless of allocation formula.

If the applicant has represented in the drilling application that there will be one or more no perf zones or ""NPZ"s"" (portions of the wellbore within the field interval without take points), then the as-drilled plat filed after completion of the well shall be certified by a person with knowledge of the facts pertinent to the application that the plat is accurately drawn to scale and correctly reflects all pertinent and required data. In addition to the standard required data, the certified plat shall include the as-drilled track of the wellbore, the location of each take point on the wellbore, the boundaries of any wholly or partially

unleased tracts within a Rule 37 distance of the wellbore, and notations of the shortest distance from each wholly or partially unleased tract within a Rule 37 distance of the wellbore to the nearest take point on the wellbore.

A properly permitted horizontal drainhole will be considered to be in compliance with the spacing rules set forth herein if the as-drilled location falls within a rectangle established as follows:

- a. Two sides of the rectangle are parallel to the permitted drainhole and 33 feet on either side of the drainhole;
- b. The other two sides of the rectangle are perpendicular to the sides described in (a) above, with one of those sides passing through the first take point and the other side passing through the last take point.

Any point of a horizontal drainhole outside of the described rectangle must conform to the permitted distance of the nearest property line, lease line or subdivision line measured perpendicular from the wellbore.

For any well permitted in this field, the penetration point need not be located on the same lease, pooled unit or unitized tract on which the well is permitted and may be located on an Offsite Tract. When the penetration point is located on such Offsite Tract, the applicant for such a drilling permit must give 21 days' notice by certified mail, return receipt requested to the mineral owners of the Offsite Tract. For the purposes of this rule, the mineral owners of the Offsite Tract are (1) the designated operator; (2) all lessees of record for the Offsite Tract where there is no designated operator; and (3) all owners of unleased mineral interests where there is no designated operator or lessee. In providing such notice, applicant must provide the mineral owners of the Offsite Tract with a plat clearly depicting the projected path of the entire wellbore. In the event the applicant is unable, after due diligence, to locate the whereabouts of any person to whom notice is required by this rule, the applicant must publish notice of this application pursuant to the Commission's Rules of Practice and Procedure. If any mineral owner of the Offsite Tract objects to the location of the penetration point, the applicant may request a hearing to demonstrate the necessity of the location of the penetration point of the well to prevent waste or to protect correlative rights. Notice of Offsite Tract penetration is not required if (a) written waivers of objection are received from all mineral owners of the Offsite Tract; or, (b) the applicant is the only mineral owner of the Offsite Tract. To mitigate the potential for well collisions, applicant shall promptly provide copies of any directional surveys to the parties entitled to notice under this section, upon request.

All other provisions of Statewide Rule 86 relating to the drilling of horizontal wells apply in this field.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

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. 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, a plat of the lease, unit or property; provided that such plat shall not be required to show individual proration units. Notwithstanding the above, operators shall be required to file an as drilled plat showing the path, penetration point and terminus of all drainholes in horizontal wells.

RULE 3: The acreage assigned to an 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 hereinafter provided. There is no maximum diagonal limitation in this field. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered productive of oil. No double assignment of acreage will be allowed.

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.

Notwithstanding the above, operators may be permitted to assign additional acreage to form optional EIGHTY (80) acre units, with a proportional acreage allowable credit for a well on fractional proration units.

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 assigned in this 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 Platang (San Andres) 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 entire lease, unit or property, provided that such plat shall not be required to show individual proration units. However, an operator may at their option file the Form P-16 and individual proration plats at their sole discretion. There is no maximum diagonal limitation in this field.

RULE 4: The maximum daily oil allowable for well in the subject field shall be determined by the 1947 Yardstick Allowable and the actual allowable for an individual well shall be determined by the sum of the two following values:

- a. FIVE percent (5%) of the total field allowable shall be allocated equally among all the individual wells producing from this field, provided this value shall not exceed the potential based on the most recent well test filed with the Commission multiplied by 5%.
- 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 NINETYFIVE percent (95%), provided this value shall not exceed the potential based on the most recent well test filed with the Commission multiplied by 95%.

RULE 5: Stacked lateral wells within the correlative interval for the field will be governed by utilizing Statewide Rule 86 (f).

RULE 6: A flowing oil well will be granted administratively, without necessity of filing fees unless the Commission requires filing fees in the future for Statewide Rule 13(b)(4)(A) exceptions, a six-month exception to Statewide Rule 13(b)(4)(A) regarding the requirement of having to be produced through tubing. A revised completion report will be filed once the oil well has been equipped with the required tubing string to reflect the actual completion configuration. This exception would be applicable for new drills, reworks, recompletions, or for new fracture stimulation treatments for any flowing oil well in the field. For good cause shown, which shall include the well flowing at a pressure in excess of 300 psig surface wellhead flowing pressure, an operator may obtain administratively from the district director, one or more extensions each with a duration of up to six months. If the request for an extension of time is denied, the operator may request a hearing. If a hearing is requested the exception shall remain in effect pending final Commission action on the request for an extension.

RULE 7: An oil well will be granted administratively, without necessity of filing fees unless the Commission requires filing fees in the future for Statewide Rule 51 (a) exceptions, a six-month exception to the provisions of Rule 51 (a) regarding the 30-day rule for filing the potential test after testing of the well. This will allow for the backdating of allowables on the oil wells without requiring a waiver to be secured from all field operators. This rule will grant the Commission the authority to issue an allowable back to the initial completion date for all oil wells in the field to prevent unnecessary shut-ins to alleviate potential overproduction issues related to the completion paperwork filings and producing the oil wells without tubing. If an extension of time is granted under Rule 6, the exception to Statewide Rule 51 (a) under this rule is automatically extended for the additional time.

It is further **ORDERED** by the Railroad Commission of Texas that if the locations of such wells being incorporated into the Platang (San Andres) Field do not comply with

the spacing or density rules for the Field they will nevertheless be transferred into the Platang (San Andres) Field by this field consolidation order without need for new drilling permit applications or spacing or density exceptions to the rules of the newly-consolidated Field.

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 field to change the field name to the Platang (San Andres) Field. New lease numbers will be assigned if the operator does not already have an existing lease number assigned in the Platang (San Andres) Field. Commission 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 respond 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 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 October 20, 2020.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated October 20, 2020)**