

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET
NO. 08-0223268

IN THE SIGNAL PEAK (WOLFCAMP)
FIELD, HOWARD COUNTY, TEXAS

NUNC PRO TUNC ORDER
RESCINDING GAS FIELD RULES
ADOPTED IN FINAL ORDER NO. 08-0220515,
EFFECTIVE DECEMBER 15, 1998;
ADOPTING NEW GAS AND OIL FIELD RULES
FOR THE SIGNAL PEAK (WOLFCAMP) FIELD,
AND TRANSFERRING WELLS
INTO THE SIGNAL PEAK (WOLFCAMP) FIELD
HOWARD COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on December 15, 1999, the presiding examiner has 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 examiner's report and recommendation, the findings of fact and conclusions of law contained thereto, 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.

The Final Order signed by the Commission on January 11, 2000 is hereby amended ***Nunc Pro Tunc*** to correct an error in Rule 3A, regarding tolerance acreage for oil wells. The correct language is set out below.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the gas field rules adopted in Final Order No. 08-0220515, issued effective December 15, 1998, as amended, for the Signal Peak (Wolfcamp) Field, Howard County, Texas, be and are hereby rescinded.

It further is **ORDERED** by the Commission that the following rules be and are hereby adopted for the Signal Peak (Wolfcamp) Field, Howard County, Texas.

RULE 1: For gas and oil wells, the entire correlative interval from 7777 feet to 8090 feet as shown on the Dual Induction SFL log of the Earl M. Craig Jr. Corporation "Avenger" 40 Lease Well No. 1, Section 40, Block 31, T-1-S, T & P RR Co. Survey, Howard County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Signal Peak (Wolfcamp) 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 and no well shall be drilled nearer than NINE HUNDRED THIRTY-THREE (933) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. 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 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.

RULE 3:

A: 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 ONE HUNDRED SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED SIXTY (160) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of FOUR THOUSAND FIVE HUNDRED (4500) 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.

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 ONE HUNDRED SIXTY (160) acres, then and in such event the remaining unassigned acreage up to and including a total of FORTY (40) 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.

B. 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 ONE HUNDRED SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED SIXTY (160) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of ONE HUNDRED SEVENTY SIX (176) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess

of FOUR THOUSAND FIVE HUNDRED (4500) feet removed from each other. Each proration unit containing less than ONE HUNDRED SIXTY (160) 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.

C. An operator, at his option, shall be permitted to form optional drilling and fractional proration units, for gas or oil, of EIGHTY (80) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of an EIGHTY (80) acre fractional proration unit shall not be greater than THREE THOUSAND TWO HUNDRED FIFTY (3250) feet removed from each other.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit 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.

RULE 4:

A. The daily oil allowable for each individual well in the subject field shall be determined by the sum total of the two following values:

1. 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 0.95 and by then multiplying this value by that fraction the numerator of which is the acreage assigned to the well and the denominator of which is the maximum acreage authorized for a proration unit exclusive of tolerance acreage.
2. Each well shall be assigned an allowable equal to the top allowable establish for a well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by 0.05.

B. The daily allowable production of gas from individual wells completed in the associated, prorated gas reservoir of 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:

1. NINETY-FIVE percent (95%) of the total field allowable shall be allocated among the individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of the acreage with respect to all prorable wells producing from this field.
2. FIVE percent (5%) 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 from this field.

It is further **ORDERED** by the Commission that all oil wells in the Signal Peak (Wolfcamp) Field, Howard County, be and are hereby granted increased Net Gas/Oil Ratio authority with a per well daily gas limit of 1700 MCF. The Signal Peak (Wolfcamp) gas field is and remains classified as associated, prorated. All overproduction for wells in the Signal Peak (Wolfcamp) Field, Howard County, is hereby canceled.

It is further **ORDERED** by the Commission that the following wells be and are hereby transferred from the Hutto, South (Wolfcamp) Field to the Signal Peak (Wolfcamp) Field:

<u>Operator</u>	<u>Well name</u>	<u>ID number</u>	<u>Type</u>
Santa Fe Snyder	Powell Ranch 36-2	166633	Gas
Santa Fe Snyder	Texaco 35-2	168527	Gas
Santa Fe Snyder	Texaco 37-1	170852	Gas
Santa Fe Snyder	Powell Ranch #2	35806	Oil
Santa Fe Snyder	Powell Ranch 2702	35806	Oil
Santa Fe Snyder	Powell Ranch 2703	35806	Oil
Santa Fe Snyder	Powell Ranch 2704	35806	Oil
Santa Fe Snyder	Barber 1-1	36075	Oil
Santa Fe Snyder	Powell Ranch 38-2	36091	Oil
Santa Fe Snyder	Powell Ranch 14-2	36095	Oil
Santa Fe Snyder	Texaco 23-2	Pending	
Santa Fe Snyder	Barber 15-1	Pending	
Santa Fe Snyder	Powell Ranch 36-4	Pending	

It is further **ORDERED** that the following wells be and are hereby transferred from the Howard-Glasscock (Wolfcamp 7400) Field to the Signal Peak (Wolfcamp) Field:

<u>Operator</u>	<u>Well name</u>	<u>ID number</u>	<u>Type</u>
Santa Fe Snyder	Powell Ranch 2701	36071	Oil
Santa Fe Snyder	Texaco 23-1	36105	Oil
Santa Fe Snyder	Barber 11-1	36106	Oil
Santa Fe Snyder	Barber 1-2	36107	Oil
Santa Fe Snyder	Allday N11-1	36108	Oil
Miltex Oil Co.	Robertson #1	35874	Oil
Miltex Oil Co.	Powell 12-1	35912	Oil
Miltex Oil Co.	Powell 12-2	35912	Oil
Miltex Oil Co.	Powell 13-1	35963	Oil
Miltex Oil Co.	Powell Ranch 26-2	164461	Gas
Miltex Oil Co.	Texaco 37-1	167358	Gas

Done this 18th day of June, 2009.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by OGC Unprotested Master Order
dated June 18, 2009)**