

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 8A-0286067**

**IN THE SHARON RIDGE (1700) FIELD,
SCURRY COUNTY, TEXAS**

**FINAL ORDER
RENUMBERING AND AMENDING FIELD RULES FOR THE
SHARON RIDGE (1700) FIELD
SCURRY COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on January 13, 2014, the presiding 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 adopted in Final Order No. 8-22,137, effective October 29, 1951, for the Sharon Ridge (1700) Field, Scurry County, Texas, are hereby renumbered and amended. The renumbered and amended Field Rules are set out in their entirety as follows:

RULE 1: The entire correlative interval from 1,380 feet to 1,925 feet as shown on the log of the Unitex Oil & Gas, LLC - Ellis Gray Lease, Well No. 1119 (API No. 42-415-34915), Section 1, Block 1, J P Smith Survey, A-456, Scurry County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Sharon Ridge (1700) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than ONE HUNDRED SIXTY FIVE (165) 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 Rule 37 and 38, which applicable provisions of said rule 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: 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 TEN (10) acres. No proration unit shall consist of more than TEN (10) 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 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 TEN (10) acres, then and in such event the remaining unassigned acreage up to and including a total of FIVE (5) 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.

An operator, at his option, shall be permitted to form optional drilling units of FIVE (5) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

For the determination of acreage credit in this field, operators shall file for each oil or gas 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. For oil or gas wells, 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. There is no maximum diagonal limitation in this field.

RULE 4: The maximum daily oil allowable for each well in the subject field shall be a MER Allowable of 21 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 THIRTY THREE percent (33%) and by then multiplying this value by a 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.

- b. Each well shall be assigned an allowable equal to SIXTY SEVEN percent (67%) of the maximum daily oil allowable above.

Done this 18th day of February, 2014.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master
Order dated February 18, 2014)**