

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 7C-0289896**

**IN THE WILSHIRE (PENNSYLVANIAN)  
FIELD, UPTON COUNTY, TEXAS**

**FINAL ORDER  
AMENDING FIELD RULES  
FOR THE WILSHIRE (PENNSYLVANIAN) FIELD,  
UPTON COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 25, 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 for the Wilshire (Pennsylvanian) Field, Upton County, Texas, established on October 27, 1969 (Docket No. 7C-59,620) and amended on January 25, 1971 (Docket No. 7C-60,491), are hereby amended and set out in their entirety as follows:

**RULE 1:** The entire correlative interval from 9,660 feet to 10,774 feet as shown on the Halliburton Array Compensated True Resistivity Log of the XTO Energy Inc., McElroy Ranch B, Well No. 1114, API No. 42-461-38855 (formerly the McElroy Ranch Co. 111 No. 41) located 860 feet south and 660 feet west of Section 111, Block D, CCSD & RGNG RR Co. Survey, Upton County, shall be designated as a single reservoir proration purposes and be designated as the Wilshire (Pennsylvanian) Field. The interval is intended to include all reservoirs in the following formations: Strawn, Atoka/Bend, Atoka Lime, Mississippian Lime, Barnett and Kinderhook.

**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 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:** 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 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. 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 FORTY (40) acres, then and in such event the remaining unassigned acreage up to and including a total of TEN (10) 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 and proration units of FORTY (40) acres.

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 daily total field oil allowable, as fixed by the Commission after deductions have been made for marginal wells, high gas-oil ratio wells and wells which are incapable of producing their allowables as determined hereby, shall be distributed among the wells producing in the field capable of making their allowables in that proportion that the acreage assigned to each well bears to the sum of the acreage assigned to all of the wells in the field.

**RULE 5:** The permitted gas-oil ratio for all wells shall be two thousand (2,000) cubic feet of gas per barrel of oil produced. Any oil well producing with a gas-oil ratio in excess of two thousand (2,000) cubic feet of gas per barrel of oil shall be allowed to produce daily only that volume obtained by multiplying the daily oil allowable of such well as determined

by the applicable rules of the Commission by two thousand (2,000) cubic feet; provided that an operator may produce an oil well under a net gas-oil ratio. The net gas-oil ratio as used herein shall be determined by subtracting from the total volume of gas produced from said well during any interval prescribed by the Commission that volume thereof that was during the same interval diverted to uses specified as legal uses for sweet natural gas in Section 7, Article 6008, Revised Civil Statutes of Texas, as amended, and by dividing the net volume of gas thus remaining by the oil produced during the same interval. If during any interval the said well has a net gas-oil ratio in excess of two thousand (2,000) cubic feet of gas per barrel of oil produced, its daily oil allowable shall be determined and assigned by multiplying by two thousand (2,000) that oil allowable which said well would be assigned under the Commission's rules were its net ratio two thousand (2,000) cubic feet of gas per barrel of oil, or less, and by dividing the product thus obtained by the net gas-oil ratio of said well as determined as herinabove set out.

Provided, however, that the total volume of gas produced from an oil well operating under this net ratio authority shall not exceed the total gas volume limitation stated on the current proration schedule, as it may be amended from time to time for the subject field.

Provided, further, however, that when credit is desired against the actual producing gas-oil ratio of an oil well for casinghead gas produced therefrom and diverted to legal uses as set out above, the operator shall file a net gas-oil ratio report in accordance with the instructions found on the form prescribed by the Commission, showing the following data:

1. The total gas produced from said well during the last preceding month.
2. The total oil produced from said well during the last preceding month.
3. The amount of such total volume of gas produced from said well during the last preceding month that was during that month diverted to the uses set out above.

Done this 14<sup>th</sup> day of October, 2014.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Divisions' Unprotested Master  
Order dated October 14, 2014)**