

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 08-0293840**

**IN THE QUITO (DELAWARE-
CONSOLIDATED) FIELD WARD
COUNTY, TEXAS**

**FINAL ORDER
CONSOLIDATING THE REGAN-EDWARDS (DELAWARE, UPPER),
QUITO (DELAWARE SAND), AND THE
QUITO, SOUTH (OLDS DELAWARE) FIELDS
INTO THE QUITO (DELAWARE-CONSOLIDATED) FIELD
AND ADOPTING FIELD RULES FOR THE
QUITO (DELAWARE-CONSOLIDATED) FIELD
WARD COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on January 6, 2015, 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 Quito (Delaware Sand) Field, ID No. 73926500, Regan-Edwards (Delaware, Upper) Field, ID No. 75682666, and Quito, South (Olds Delaware) Field, ID No. 73930500, are hereby consolidated into the Quito (Delaware-Consolidated) Field, Field ID No. 73926520.

Furthermore, it is **ORDERED** by the Railroad Commission of Texas that the following field rules shall be adopted and made permanent for the Quito (Delaware-Consolidated) Field, Ward County Texas:

RULE 1: The entire correlative interval from 4,768 feet to 5,064 feet as shown on the Seaboard Operating Company Warthog No. 2 (API No. 42-475-36533), Section 195, Block 34, HT&C RR CO Survey, Ward County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Quito (Delaware-Consolidated) Field.

RULE 2: No oil well shall hereafter be drilled nearer than THREE HUNDRED 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 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 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. 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 allowed.

An operator, at their option, shall be permitted to form optional drilling units of TWENTY (20) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. There is no maximum diagonal limitation in this 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-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, in lieu of an amended Form P-15. 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 operators shall not be required to show individual proration units on such plat. Operators may, however, file such proration unit plats for individual wells in the field if they so choose.

RULE 4: The maximum daily oil allowable for a 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. Each oil well shall be assigned an allowable equal to NINETY-FIVE percent (95%) of the maximum daily oil allowable above.

- b. Each oil 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 FIVE percent (5%) 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.

Done this 8th day of April, 2015.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Divisions' Unprotested
Master Order dated April 8, 2015)**