

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 04-0294990**

**IN THE LOPENO (QUEEN CITY OIL)  
FIELD, ZAPATA COUNTY, TEXAS**

**FINAL ORDER  
ADOPTING PERMANENT FIELD RULES  
FOR THE LOPENO (QUEEN CITY OIL) FIELD,  
ZAPATA COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on February 17, 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 field rules for the Sherman, South (Davis Sand) Field in Grayson County are hereby adopted and set out in their entirety as follows:

**RULE 1:** The entire correlative interval from 2,180 feet to 2,579 feet as shown on the log of the Bluestone Natural Res. II, LLC (originally operated by Gulf Energy Producing Company) – Blas Ramirez Lease, Well No. Q 4 (API No. 42-505-31563, Section 17, C Ramirez Survey, A-77, in Zapata County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Lopeno (Queen City Oil) Field.

**RULE 2:** No well for oil well shall hereafter be drilled nearer than **THREE HUNDRED AND THIRTY-THREE (330)** feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than **THREE HUNDRED AND THIRTY-THREE (330)** 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:** The acreage assigned to an individual oil well for the purpose of allocating allowable oil production 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; provided that after the drilling of the last well on the lease and the assignment of acreage to each well thereon in accordance with the rules of the Commission there remains an additional unassigned acreage of less than FORTY (40) acres, then 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 may meet the limitations prescribed by the Commission. Each proration unit containing less than FORTY (40) 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 oil. No double assignment of acreage will be accepted.

An operator, at his 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.

For the determination of acreage credited in this field, operators shall file for each oil 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 wells operators shall be required to file, along with Form P-15, a plat of the lease, unit, or property in the field, provided such plats shall not be required to show individual proration units or wells other than the well for which the Form P-15 is being filed. There is no maximum diagonal limitation in this field.

**RULE 4:** The maximum daily oil allowable for a well in the subject field shall be based on 100 percent acres with a top oil allowable determined by the 1965 Yardstick Allowable.

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)**