

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 06-0299180**

**IN THE LAKE FERRELL (PETTIT,
UPPER) FIELD, MARION COUNTY,
TEXAS**

**FINAL ORDER
CONSOLIDATING THE AVINGER (PETTIT) AND
LAKE FERRELL, N. (PETTIT) FIELDS INTO THE
LAKE FERRELL (PETTIT, UPPER) FIELD AND
AMENDING FIELD RULES FOR THE
LAKE FERRELL (PETTIT, UPPER) FIELD
MARION COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on February 29, 2016, 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 Avinger (Pettit) Field, ID No. 04513700, and the Lake Ferrell, N. (Pettit) Field, ID No. 51457500, are hereby consolidated into the Lake Ferrell (Pettit, Upper) Field.

Furthermore, it is **ORDERED** by the Railroad Commission of Texas that the Field Rules adopted in Special Order 6-38,725, as amended, for the Lake Ferrell (Pettit, Upper) Field, Marion County, Texas, are hereby amended. The amended Field Rules are numbered and set out in their entirety as follows:

RULE 1: The entire correlative interval from 7,400 feet to 7,545 feet as shown on the on the log of the Mitchell Energy, Cartwright No. 8 Well (API No. 42-315-30864) in Marion County, Texas shall be designated as a single reservoir for proration purposes and be designated as the Lake Ferrell (Pettit, Upper) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED AND SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line. There is no 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 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.

Provided, however, that for purposes of spacing for horizontal wells, the following shall apply:

- a. A take point in a horizontal drainhole well is any point along a horizontal drainhole where oil and/or gas can be produced into the wellbore from the reservoir/field interval. The first take point may be at a different location than the penetration point and the last take point may be at a location different than the terminus point.
- b. All take points in a horizontal drainhole well shall be a minimum of FOUR HUNDRED AND SIXTY-SEVEN (467) feet from any property line, lease line, or subdivision line. A permit or an amended permit is required for all take points closer to the property line, lease line, or subdivision line than the lease line spacing distance, including any perforations added in the vertical portion or the curve of a horizontal drainhole well.

In addition to the penetration point and the terminus of the wellbore required to be identified on the drilling permit application (Form W-1H) and plat, the first and last take points must also be identified on the drilling permit application (remarks section) and plat. Operators shall file an as-drilled plat showing the path, penetration point, terminus and the first and last take points of all drainholes in horizontal wells, regardless of allocation formula.

For the purpose of assigning additional acreage to a horizontal well pursuant to Rule 86, the distance from the first take point to the last take point in the horizontal drainhole shall be used in such determination, in lieu of the distance from penetration point to terminus.

RULE 3: The acreage assigned to an 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. 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. Each proration unit containing less than ONE HUNDRED SIXTY (160) acres shall be a fractional unit. There is no maximum diagonal limitation in this field.

An operator, at its option, shall be permitted to form optional drilling units of EIGHTY (80) 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 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.

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. Notwithstanding the above, operators shall be required to file an as-drilled plat showing the path, penetration point and terminus of all drainholes in horizontal wells.

RULE 4: The maximum daily oil allowable for each well in the subject field shall be limited at 241 barrels of oil per day per well. The actual allowable for an individual oil well shall be determined by the sum 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 SEVENTY-FIVE percent (75%) 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 and,
- b. TWENTY-FIVE percent (25%) of the field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

Done this 21st day of June, 2016.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Division's Unprotested
Master Order dated June 21, 2016)**