

**RAILROAD COMMISSION OF TEXAS  
OFFICE OF GENERAL COUNSEL**

**OIL AND GAS DOCKET  
NO. 09-0268912**

**IN VARIOUS CONLEY FIELDS,  
HARDEMAN COUNTY, TEXAS**

**FINAL ORDER  
SEPARATING THE CONLEY (CONS.) FIELD INTO THE  
CONLEY (MISS.), CONLEY (OSAGE) AND CONLEY (ELLENBURGER) FIELDS  
HARDEMAN COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered dockets heard on February 3, 2011, the presiding examiner has made and filed reports and recommendations containing findings of fact and conclusions of law, for which service was not required; that the proposed applications are in compliance with all statutory requirements; and that these proceedings were 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 examiner's reports and recommendations, 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 Conley (Cons.) Field is hereby separated into the Conley (Miss.), Conley (Osage) and Conley (Ellenburger) Fields. These three field names shall be re-activated on Commission records.

It is further ordered that the following rules shall be **adopted** for the Conley (Miss.), Conley (Osage) and Conley (Ellenburger) Fields:

**RULE 1:** The entire correlative interval from 7,740 feet to 7,914 feet, as shown on the log of the Shell Oil Company - C. G. Conley Lease, Well No. 5 (API No. 42-197-00166), located in Section 81, Block H, W&NW RR Co. Survey, Hardeman County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Conley (Miss.) Field.

The entire correlative interval from 7,914 feet to 7,994 feet, as shown on the log of the Shell Oil Company - C. G. Conley Lease, Well No. 5 (API No. 42-197-00166), located in Section 81, Block H, W&NW RR Co. Survey, Hardeman County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Conley (Osage) Field.

The entire correlative interval from 7,994 feet to 8,272 feet, as shown on the log of the Shell Oil Company - C. G. Conley Lease, Well No. 5 (API No. 42-197-00166), located in Section 81, Block H, W&NW RR Co. Survey, Hardeman County, Texas, shall be

designated as a single reservoir for proration purposes and be designated as the Conley (Ellenburger) Field.

**RULE 2:** No vertical well shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line, or subdivision line and no vertical well shall be drilled nearer than THREE HUNDRED THIRTY (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 in either field. 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.

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. No horizontal drainhole well for oil or gas shall hereafter be drilled such that the first and last take point are nearer than ONE HUNDRED (100) feet to any property line, lease line or subdivision line.
- c. For each horizontal drainhole well, the perpendicular distance from any take point on such horizontal drainhole between the first take point and the last take point to any point on any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.

Notwithstanding the above, there shall be no minimum requirement for between well spacing between horizontal and vertical wells, or between horizontal wells.

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.

If the applicant has represented in the drilling application that there will be one or more no perf zones or “NPZ”s” (portions of the wellbore within the field interval without take points), then the as-drilled plat filed after completion of the well shall be certified by a person with knowledge of the facts pertinent to the application that the plat is accurately drawn to scale and correctly reflects all pertinent and required data. In addition to the standard required data, the certified plat shall include the as-drilled track of the wellbore, the location of each take point on the wellbore, the boundaries of any wholly or partially unleased tracts within a Rule 37 distance of the wellbore, and notations of the shortest distance from each wholly or partially unleased tract within a Rule 37 distance of the wellbore to the nearest take point on the wellbore.

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 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. 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 EIGHTY (80) acres, then and in such event the remaining unassigned acreage up to and including a total of FORTY (40) 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. There is no maximum diagonal limitation in this field.

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 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. Provided further, that if the acreage assigned to any well has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled. Operators in this field are exempt from the requirements of Rule 86(f)(4) entitled Proration Unit Plat.

**RULE 4:** The maximum daily oil allowable for a well in the Conley (Ellenburger)

Field shall be determined by multiplying 173 BOPD by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for proration purposes, exclusive of tolerance acreage. The daily oil allowable for a well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

The maximum daily oil allowable for a well in the Conley (Miss.) Field shall be determined by multiplying 161 BOPD by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for proration purposes, exclusive of tolerance acreage. The daily oil allowable for a well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

The maximum daily oil allowable for a well in the Conley (Osage) Field shall be determined by multiplying 173 BOPD by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for proration purposes, exclusive of tolerance acreage. The daily oil allowable for a well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

Done this 22<sup>nd</sup> day of March, 2011.

**RAILROAD COMMISSION OF TEXAS  
(Order approved and signatures  
affixed by OGC Unprotected Master  
Order dated March 22, 2011.)**