

**RAILROAD COMMISSION OF TEXAS
LEGAL DIVISION
OIL AND GAS SECTION**

**RULE 37 CASE NO. 0201029
DISTRICT 5**

**APPLICATION OF EAST TEXAS
ENERGY CORPORATION
FOR A RULE 37
EXCEPTION FOR ITS
CARTWRIGHT LEASE,
WELL NO. 1, WILDCAT
AND AVENTURA RANCH
(JAMES LIME) FIELDS,
VAN ZANDT COUNTY,
TEXAS**

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket heard on February 23, 1993 and re-opened, re-convening on June 15, 1993, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law adopted in a re-circulated Proposal for Decision circulated July 13, 1993, which was served on all parties of record; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas. At conference held on November 1, 1993, the Commission granted a Motion for Rehearing for the limited purpose of making substitute and additional Findings of Fact and a substitute Conclusion of Law.

The Commission, after review and due consideration of the re-circulated proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the findings of fact and conclusions of law contained in the proposal for decision, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein, except for Findings of Fact Nos. 7, 8, 9, and 10, and Conclusion of Law No. 4. The Commission hereby adopts Substitute Findings of Fact Nos. 7, 8, 9, and 10, Additional Findings of Fact Nos. 11 and 12, and Substitute Conclusion of Law No. 4 as follows:

Substitute Finding of Fact No. 7

The 111.45 acres of the Cartwright tract are productive.

Substitute Finding of Fact No. 8

The proposed well will be the first well on the tract.

Substitute Finding of Fact No. 9

The proposed location is reasonable and necessary because it will compensate for drainage from offsetting wells operated by Palmer (Exh. 23R).

Substitute Finding of Fact No. 10

The most productive offsetting well, the Beaver No. 1 had produced 2.7 BCF of gas by 1992, which is an estimated 44% of fieldwide production.

Additional Finding of Fact No. 11

The applicant's grantor has interests in three offsetting units of 0.0273825%, 0.0284539%, and 0.05875%, which do not constitute its share of the hydrocarbons underlying its tract.

Additional Finding of Fact No. 12

The applicant would not drill another well just to test the Wildcat zone.

Substitute Conclusion of Law No. 4

The proposed well is reasonable and necessary to afford the applicant an opportunity to recover its share of hydrocarbons underlying its tract, thereby preventing confiscation.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of East Texas Energy Corporation for a spacing exception permit under the provisions of Statewide Rule 37 to drill Well No. 1, Cartwright Lease, containing 111.45 acres of land in the M. V. Lout Survey, Abstract No. 468, for the Wildcat and Aventura Ranch (James Lime) Fields, Van Zandt County, being 10 miles south from Canton, Texas, be and is hereby **APPROVED**; and applicant is granted permission to drill Well No. 1 as shown by plat submitted, **subject to the conditions listed below**:

476' FNEL and 1078' FSL of the (basic tract) lease line

1078' FSL and 2790' F W'ly NWL of the survey

CONDITIONS

1. **Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water as defined by the Texas Water Commission. Before drilling a well, the operator must obtain a letter from the Texas Water Commission stating the depth to which water needs protection. Write: Texas Water Commission, Surface Casing, P. O. Box 13087, Capitol Station, Austin, Texas 78711-3087. File a copy of the Water Commission letter with the appropriate district office.
2. **Permit at Drilling Site.** A copy of the Form W-1 (Drilling Permit Application), the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the

district office, if applicable, and this drilling permit must be kept at the permitted well site throughout the drilling operations.

3. **Notification of Setting Casing.** The operator MUST call in notification to the appropriate district office a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification MUST be able to advise the district office of the docket number.
4. **Producing Well.** Statewide Rule 16 requires that the operator submit a Form W-2 (oil well) or Form G-1 (gas well) to the appropriate Commission district office within thirty (30) days after completion of such well. Completion of the well in a field authorized by this order voids the order for all other fields included in the order unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date of this order.
5. **Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or noncommercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).
6. **Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.
7. **Notification of Plugging a Dry Hole.** The operator MUST call to notify the appropriate district office a minimum of four (4) hours prior to beginning plugging operations. The individual giving notification MUST be able to advise the district office of the docket number and all water protection depths for that location as stated in the Water Commission letter.
8. **Plugged Wells.** Should this well ever be plugged and abandoned, the Commission will consider such plugging and abandonment as prima facie evidence that production from said well is no longer necessary to prevent confiscation of applicant's property or to prevent waste; and upon such plugging and abandonment, the authority for such well as granted under this permit shall cease.

- 9. **Permit Expiration.** This permit expires two (2) years from the date this order becomes administratively final, unless actual drilling operations have begun. The permit period will not be extended.

It is further ordered by the Commission that this order shall not be final until 20 days after it is actually mailed to the parties by the Commission; provided that if a motion for rehearing of the application is filed by any party at interest within such 20-day period, this order shall not become final until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission.

ENTERED at Austin, Texas, on this the _____ day of _____, 19__.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY