

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

**Re: Case No. 0213585; Application of Exxon Corporation for Rule 37 exceptions, Well No. 1, Kenneth L. Powell Estate Unit, Lathem (Canyon Granite Wash) Field, Hartley County, Texas**

**Re: Case No. 0216038; Application of Exxon Corporation for Rule 37 and 38 exceptions, Well No. 1, Lathem Family Unit, Lathem (Canyon Granite Wash) Field, Hartley County, Texas**

**Re: Case No. 0217028; Application of Exxon Corporation for Rule 37 and 38 exceptions, Well No. 1, Kenneth L. Powell Estate "F" Lease, Lathem (Canyon Granite Wash) Field, Hartley County, Texas**

**Re: Case No. 0217037; Application of Exxon Corporation for Rule 37, 39, and 38 exceptions, Well No. 1, Lathem Family Unit "B", Lathem (Canyon Granite Wash) Field, Hartley County, Texas**

**FINAL ORDER**

The Commission finds that after statutory notice in the above-numbered dockets, heard on August 22 and 25 and September 8 and 9, 1997, the examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, 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.

The Commission, after review and due consideration of the proposal for decision and the findings of fact and conclusion of law contained therein, and the exceptions and replies thereto, hereby adopts as its own Findings of Fact Nos. 1, 2, 3 (first paragraph only), 5 (first paragraph only), and 6 (first paragraph only) and Conclusions of Law Nos. 1, 2, and 3 contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein, and further deletes and does not adopt Findings of Fact Nos. 3A through 3F, 4, 4A through 4I, 5A through 5F, 6A through 6G, and 7 and Conclusions of Law Nos. 4 through 12. In addition, the Commission adopts the following Additional Findings of Fact and Additional Conclusions of Law:

**Additional Findings of Fact:**

1. The parties have settled their disputes. The protesting parties have waived objection to Rule 37 and 38 exceptions for the Powell Estate "F" No. 1, the Lathem Family Unit No. 1, and the Lathem Family Unit "B" No. 1, and they have also waived objection to an exception to Rule 39 for the non-contiguous unit for the Lathem Family Unit "B" No. 1.

9. After completion of the Powell Estate Unit Well No. 1, continued production by the Powell Estate "F" No. 1 with only the subject 30 assigned acres is necessary to afford interest owners in the reconstituted 80-acre Powell Estate "F" tract a reasonable opportunity to produce their fair share from the subject field and thereby prevent confiscation and protect correlative rights.

10. The location of the Powell Estate "F" Well No. 1 is a reasonable location to prevent confiscation of oil from beneath the reconstituted tract.

11. After completion of both the Lathem Mary K Well No. 1 and the Lathem Family Unit No. 2 Well No. 1, continued production by the Lathem Family Unit Well No. 1 with only the subject 20 assigned acres is necessary to afford interest owners in the reconstituted 80-acre Lathem Family Unit tract a reasonable opportunity to produce their fair share from the subject field and thereby prevent confiscation and protect correlative rights.

12. The location of the Lathem Family Unit Well No. 1 is a reasonable location to prevent confiscation of oil from beneath the reconstituted tract.

13. After completion of the Lathem Family Unit No. 2 Well No. 1, continued production by the Lathem Family Unit "B" Well No. 1 with only the subject 19.79 assigned acres, 10 of which are non-contiguous, is necessary to afford interest owners in the reconstituted 80-acre Lathem Family Unit "B" tract a reasonable opportunity to produce their fair share from the subject field and thereby prevent confiscation and protect correlative rights.

14. The location of the Lathem Family Unit "B" Well No. 1 is a reasonable location to prevent confiscation of oil from beneath the reconstituted tract.

15. The subject 19.79-acre non-contiguous tracts to be assigned to the Lathem Family Unit "B" Well No. 1 are productive of hydrocarbons which will be effectively drained by wells in the subject field.

**Additional Conclusions of Law**

13. Assignment of 50 acres out of the original tract for the Powell Estate "F" to the Powell Estate Unit Well No. 1 will create a voluntary subdivision of the remaining 30 acres.

14. Under the Century doctrine the mineral owners of the reconstituted 80-acre Powell Estate "F" tract are entitled to Rule 37 and 38 exceptions for the existing Powell Estate "F" Well No. 1 to prevent confiscation.

15. Assignment of 40 acres out of the original tract for the Lathem Family Unit to the Lathem Mary K Well No. 1 and of 20 acres out of original tract for the Lathem Family Unit to the Lathem Family Unit No. 2 Well No. 1 will create a voluntary subdivision of the remaining 20 acres.

16. Under the Century doctrine, the mineral owners of the reconstituted 20-acre Lathem Family Unit are entitled to Rule 37 and 38 exceptions for the existing Lathem Family Unit Well No. 1 to prevent confiscation.

17. Assignment of 60 acres out of the original tract for the Lathem Family Unit "B" tract to the Lathem Family Unit No. 2 Well No. 1 will create a voluntary subdivision of the remaining 19.79 acres.

18. Under the Century doctrine, the mineral owners of the reconstituted Lathem Family Unit "B" tract are entitled to Rule 37 and 38 exceptions for the existing Lathem Family Unit "B" Well No. 1 to prevent confiscation.

19. An exception to Rule 39 for the non-contiguous 19.79 acres to be assigned to the Lathem Family Unit "B" Well No. 1 will prevent confiscation.

20. The Powell Estate "F" Well No. 1, the Lathem Family Unit Well No. 1, and the Lathem Family Unit "B" Well No. 1 were each drilled and completed under valid and proper permits for the subject field. Because these wells were drilled in compliance with valid permits, the subdivision and reassignment of acreage from the tracts does not require the wells to be permitted as exceptions to Rule 37, despite the fact that the wells are less than the regular spacing distance from resulting subdivision lease lines.

Therefore, it is ORDERED by the Railroad Commission of Texas that the exceptions of Exxon Corporation and of Rio Petroleum, Inc. are hereby GRANTED.

It is further ORDERED by the Railroad Commission of Texas that the application of Exxon Corporation in Case No. 0217028 for Rule 37 and 38 exceptions is hereby APPROVED to permit Well No. 1 on the Kenneth L. Powell Estate "F" Lease to produce at its current location from the Lathem (Canyon Granite Wash) Field, Hartley County, Texas with 30 assigned acres.

It is further ORDERED by the Railroad Commission of Texas that the application of Exxon Corporation in Case No. 0216038 for Rule 37 and 38 exceptions is hereby APPROVED to permit Well No. 1 on the Lathem Family Unit to produce at its current location from the Lathem (Canyon Granite Wash) Field, Hartley County, Texas with 20 assigned acres.

It is further ORDERED by the Railroad Commission of Texas that the application of Exxon Corporation in Case No. 0217037 for Rule 37, 38, and Rule 39 exceptions is hereby APPROVED to permit Well No. 1 on the Lathem Family Unit "B" to produce at its current location from the Lathem (Canyon Granite Wash) Field, Hartley County, Texas with 19.79 assigned acres, 10 acres of which are non-contiguous.

It is further ORDERED by the Railroad Commission of Texas that the application of Exxon Corporation in Case No. 0213585 for Rule 37 exception is hereby DISMISSED without prejudice as moot.

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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.

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

Done this 15<sup>th</sup> day of December, 1998.

RAILROAD COMMISSION OF TEXAS

*Carole Kector Glander*  
CHAIRMAN

*Bernard J. ...*  
COMMISSIONER

*...*  
COMMISSIONER

  
ATTEST  
*Kenn Williams*  
SECRETARY