

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

OIL & GAS DOCKET NO.
08-0304809

§ HALCON OPERATING CO., INC.'S
§ MOTION FOR THE DESIGNATION AS
§ UNCONVENTIONAL FRACTURE
§ TREATED FIELD PURSUANT TO 16 TAC
§ §3.86(i)
§
§

ORDER

The Commission finds that the captioned Order was signed at Conference on August 1, 2017.

It is **ORDERED** by the Commission that the Final Order entered on August 1, 2017 in docket number 08-0304809, styled "Halcon Operating Co., Inc.'s motion for the designation as Unconventional Fracture Treated Field pursuant to 16 TAC §3.86(i) for the Hoefs T-K (Wolfcamp) Field, in Reeves County, Texas," be and is hereby **VACATED**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this Order shall not become final and effective until such motion is overruled, or if such motion is granted, this Order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date the Commission Order is signed.

All requested findings of fact and conclusions of law not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or not granted herein are denied.

ENTERED in Austin, Texas, on this 19th day of September 2017.

RAILROAD COMMISSION OF TEXAS

**(Approved and signatures affixed by
O&G Unprotested Master Order
dated September 19, 2017.)**

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

OIL & GAS DOCKET NO.
08-0304809

§ HALCON OPERATING CO., INC.'S
§ APPLICATION THAT THE HOEFS T-K
§ (WOLFCAMP) FIELD BE GRANTED THE
§ UFT ALLOWABLE AS AN
§ UNCONVENTIONAL FRACTURE
§ TREATED FIELD PURSUANT TO 16 TAC
§ §3.86(i)

**FINAL ORDER GRANTING THE HOEFS T-K (WOLFCAMP) FIELD A
UNCONVENTIONAL FRACTURE TREATED FIELD ALLOWABLE**

The Commission finds that after notice and an opportunity for hearing regarding the captioned matters, no operator in the field covered by this order has filed a timely notice of protest or requested a hearing regarding the application for a UFT allowable for the Hoefs T-K (Wolfcamp) Field. This matter having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. On August 9, 2016, the Commission entered a Final Order in Oil & Gas Docket No. 01-0300755 designating the Hoefs T-K (Wolfcamp) Field as an Unconventional Fracture Treated ("UFT") Field.

2. Rule 2 of the special field rules for the Hoefs T-K (Wolfcamp) Field provides that the maximum daily oil allowable per well shall be the 1965 yardstick allowable with the actual allowable for an individual well determined by the sum of the two following values:

- a. The maximum allowable per well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by 75% and 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.
- b. Each well shall be assigned an allowable equal to 25% of the maximum daily oil allowable above.

3. Statewide Rule 86(d)(5) provides that the maximum daily allowable for a horizontal drainhole well in a UFT Field shall be 100 barrels of oil for each acre that is assigned to an oil well for allowable purposes, or 600 Mcf of gas for each acre that is assigned to a gas well for allowable purposes.

4. Statewide Rule 86(j)(1) provides that special field rules for a UFT field shall prevail over all conflicting provisions of the UFT statewide rule.

5. Statewide Rule 86(j)(3)(A)(iii) provides, inter alia, that a special field rule amendment hearing is not required for the replacement of the allowable provided by special field rules with the allowable provided by Rule 86(d)(5).

6. The evidence presented demonstrates that applying the UFT allowable of 100 barrels per acre instead of the 1965 yardstick allowable is appropriate and provides for orderly development for the recovery of hydrocarbons from this field.

7. The Commission sent notice of the proposed UFT allowable by US mail to all operators in the subject field on May 9, 2017.

8. No protest or request for hearing regarding the proposed UFT allowable was received within twenty-one days of the date the notice was mailed.

CONCLUSIONS OF LAW

1. The subject matter of this docket is within the jurisdiction of the Railroad Commission of Texas pursuant to Tex. Nat. Res. Code §81.051.

2. Legally sufficient notice has been provided to all affected persons.

3. The replacement of the 1965 yardstick allowable with the UFT oil allowable for horizontal wells in the subject field is authorized by Statewide Rule 86 (j)(3)(iii) and will further the orderly and efficient development of the State's hydrocarbon resources.

4. Replacing the 1965 yardstick allowable in the subject field with the UFT allowable for horizontal oil wells will prevent waste and protect correlative rights.

IT IS ACCORDINGLY ORDERED that the 1965 yardstick allowable for the Hoefs T-K (Wolfcamp) Field be replaced by the UFT allowable of 100 barrels per acre with the allowable to be calculated as shown on the attached Exhibit A.

IT IS further **ORDERED** that this Order not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been

extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this Order shall not become final and effective until such motion is overruled, or if such motion is granted, this Order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date the Commission Order is signed.

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 herein are denied.

ENTERED in Austin, Texas, on this 19th day of September 2017.

RAILROAD COMMISSION OF TEXAS

**(Approved and signatures affixed by
O&G Unprotected Master Order
dated September 19, 2017.)**

Exhibit A to Final Order-Oil & Gas Docket No. 08-0304809

Example oil allowable calculations for horizontal oil wells in the Hoefs T-K (Wolfcamp) field using UFT oil allowable and existing two-factor allocation formula of 75% acreage and 25% per well:

Example 1- Horizontal oil well assigned standard 160 acre proration unit

100 BOPD x 160 = 16,000 BOPD top allowable for standard sized unit under UFT Rules

$$25\% \text{ per well factor} = 25/100 \times 16,000 = 4,000 \text{ BOPD}$$

$$75\% \text{ acreage factor} = 75/100 \times 160/160 \times 16,000 = 12,000 \text{ BOPD}$$

Total top allowable for well = 4,000 (per well factor) + 12,000(acreage factor) = 16,000 BOPD

Example 2-Horizontal oil well assigned 40 acre proration unit

100 BOPD x 160 = 16,000 BOPD top allowable for standard sized unit under UFT Rules

$$25\% \text{ per well factor} = 25/100 \times 16,000 = 4,000 \text{ BOPD}$$

$$75\% \text{ acreage factor} = 75/100 \times 40/160 \times 16,000 = 3,000 \text{ BOPD}$$

Total top allowable for well = 4,000 (per well factor) + 3,000 (acreage factor) = 7,000 BOPD.

Example 3-Horizontal oil well assigned 320 acre proration unit

100 BOPD x 160 = 16,000 BOPD top allowable for standard sized unit under UFT Rules

$$25\% \text{ per well factor} = 25/100 \times 16,000 = 4,000 \text{ BOPD}$$

$$75\% \text{ acreage factor} = 75/100 \times 320/160 \times 16,000 = 24,000 \text{ BOPD}$$

Total top allowable for well = 4,000 (per well factor) + 24,000 (acreage factor) = 28,000 BOPD.

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
ENGINEERING UNIT**

O & G UNPROTESTED MASTER ORDER

SEPTEMBER 19, 2017

At a public conference held at its offices in Austin, Texas, the Commission finds that after statutory notice, the below referenced matters were reviewed by the examiners and that no party appeared in protest to the requested relief. The Final Orders for each of the below referenced dockets are incorporated by reference into this order, and by signing this Master Order, the Commission approves each of the Final Orders and adopts the provisions contained therein.

<u>DOCKET NO.</u>	<u>APPLICANT</u>	<u>LEASE, WELL OR SITE</u>	<u>ORDER TERMS</u>
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ENHANCED OIL RECOVERY PROJECT TAX INCENTIVES – SWR 50

8A-0306075 (Darren Tjepkema)	Boaz Energy II Operating LLC	Helen (68122); Christine (67783); Mabee (68315); Jones (68359); Leases, Kingdom (Clearfork 7500) (49460 520) Field, Terry County, Texas	Approve Certification Date
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TIGHT GAS – SWR 101

03-0304117 (Stephan Paetzold)	Apache Corporation	Eagleford Formation, Giddings (Eagleford) Field, Brazos and Grimes Counties, Texas	Approval
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UNCONVENTIONAL FRACTURE TREATED FIELD DESIGNATION – SWR 86

08-0304809 (Richard Behal)	Halcon Operating Co Inc	Designation as Unconventional Fracture Treated Field Hoefs T-K (Wolfcamp) Field, Reeves County, Texas Vacate Order	Vacating Order Entered August 1, 2017
08-0304809 (Richard Behal)	Halcon Operating Co Inc	Replacement of allowable provided by special field rules with the UFT Allowable. Hoefs T-K (Wolfcamp) Field, Reeves County, Texas	Approval

**O & G UNPROTESTED MASTER ORDER
SEPTEMBER 19, 2017 CONFERENCE**

IT IS ORDERED that each referenced Final Order shall become effective when this Order is signed and that a copy of this Order shall be affixed to each Final Order.

Done in Austin, Texas on September 19, 2017.

RAILROAD COMMISSION OF TEXAS



CHAIRMAN CHRISTI CRADDICK

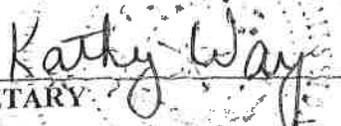


COMMISSIONER RYAN SITTON



COMMISSIONER WAYNE CHRISTIAN

ATTEST:

SECRETARY