

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 06-0315175

APPLICATION OF SABINE OIL & GAS CORPORATION (742143) TO CONSIDER AMENDING FIELD RULES FOR THE GILMER (COTTON VALLEY SANDS) FIELD, UPSHUR COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket heard on November 20, 2018, the presiding Technical Examiner and Administrative Law Judge (collectively, "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 Field Rules, for the Gilmer (Cotton Valley Sands) Field (No. 34943300), Upshur County, Texas is hereby amended. The amended Field Rules are set out in their entirety as follows:

RULE 1: The entire correlative interval for the Gilmer (Cotton Valley Sands) Field shall be from 9,185 feet to 11,640 feet as shown on the Dual Induction log of the Sulphur River Exploration, Indian Rock GU12, Well No. 1, (API 42-459-31233), M.F. Flores Survey, A-2, Upshur County, Texas. The designated correlative interval shall be designated as a single reservoir for proration purposes.

RULE 2: No gas or oil well shall hereafter be drilled nearer than **THREE HUNDRED THIRTY (330)** feet to any property line, lease line or subdivision line, there will be no minimum spacing requirement (0' between well) to any applied for, permitted or completed vertical or horizontal well in the same reservoir on the same lease, pooled unit or unitized tract. The aforementioned distances for this 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 determines 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.

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

- a. 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.
- b. 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 or any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The acreage assigned to the individual gas well for the purpose of allocating allowable gas production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be SIX HUNDRED AND FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED AND FORTY (640) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of SEVEN HUNDRED AND FOUR (704) acres may be assigned. Each proration unit containing less than SIX HUNDRED AND FORTY (640) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The standard drilling unit for oil wells shall remain FORTY (40) acres per well. For the determination of acreage credit in this field, operators shall file for each well in this field a Form P-16 Acreage Designation with a plat of the entire lease and no requirement to file individual proration plats. However, an operator may file those individual proration plats if they choose to do so.

RULE 4: The subject fields shall remain classified as a UFT field with the appropriate oil well and gas well allowable assigned per the provisions of SWR 86. If the allocation formula is reinstated the allowable provisions for a UFT gas well shall prevail.

Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and by agreement of the Parties in writing or on the record, **the parties have waived right to file a motion for rehearing and this Final Order is final and effective on the date the Master Order relating to the Final Order is signed.**

Done this 23rd day of January 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated January 23, 2019)**