

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 7C-0279182**

**IN THE NOELKE, SOUTHEAST (QUEEN)
FIELD, CROCKETT COUNTY, TEXAS**

**FINAL ORDER
CONSOLIDATING THE NOELKE, SOUTHEAST (QUEEN, LOWER) FIELD
INTO THE NOELKE, SOUTHEAST (QUEEN) FIELD AND
RENUMBERING AND AMENDING FIELD RULES FOR THE
NOELKE, SOUTHEAST (QUEEN) FIELD
CROCKETT COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 12, 2012, the presiding 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 Noelke, Southeast (Queen, Lower) Field, ID No. 65680 666, is hereby combined into the Noelke, Southeast (Queen) Field, ID No. 65680 333, Crockett County, Texas.

Wells in the subject field shall be transferred into the Noelke, Southeast (Queen) Field without requiring new drilling permits and plats.

It is further **ORDERED** that the following Field Rules adopted in Final Order No. 7C-80,810, effective August 29, 1983, for the Noelke, Southeast (Queen) Field, Crockett County, Texas, are hereby renumbered and amended. The renumbered and amended Field Rules are set out in their entirety as follows:

RULE 1: The entire correlative interval from 1,560 feet to 2,020 feet as shown on the log of the Fred Turner, Jr., Est. - Shannon -AA- Lease, Well No. 1 (API No. 42-105-03307), Section 23, Block GG, GC&SF RR Co Survey, A-3679, Crockett County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Noelke, Southeast (Queen) Field.

RULE 2a: No well for gas shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than SIX HUNDRED SIXTY (660) 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 therefore 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.

RULE 2b: No well for oil shall hereafter be drilled nearer than ONE HUNDRED FIFTY (150) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than THREE HUNDRED (300) 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 therefore 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.

RULE 3a: The acreage assigned to the individual gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be FORTY (40) acres. No proration unit shall consist of more than FORTY (40) 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 FORTY FOUR (44) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of TWO THOUSAND ONE HUNDRED (2,100) feet removed from each other. Each proration unit containing less than FORTY (40) 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 two farthestmost points of a TWENTY (20) acre fractional proration unit shall not be greater than ONE THOUSAND FIVE HUNDRED (1,500) feet removed from each other.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit 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.

RULE 3b: The acreage assigned to the individual oil well shall be known as a proration unit. The standard drilling and proration units are established hereby to be TEN (10) acres. No proration unit shall consist of more than TEN (10) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of ONE THOUSAND ONE HUNDRED (1,100) feet removed from each other. Each proration unit containing less than TEN (10) 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 oil. 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 TEN (10) acres, then and in such event the remaining unassigned acreage up to and including a total of FIVE (5) 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.

An operator, at his option, shall be permitted to form optional drilling units of FIVE (5) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a FIVE (5) acre fractional proration unit shall not be greater than ONE THOUSAND (1,000) feet removed from each other.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit 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.

RULE 4a: The gas field shall be classified as associated-prorated. The daily allowable production of gas from individual wells completed in the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission bears to the summation of the deliverability of all prorable wells producing from this field.

RULE 4b: The maximum daily oil allowable for a well in the field shall be determined by multiplying the MER Allowable of 150 barrels of oil per day for a well in the field 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.

Done this 29th day of January, 2013.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master
Order dated January 29, 2013)**