

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL**

**OIL AND GAS DOCKET
NOS. 08-0233101 & 08-0231372**

**IN THE EMPEROR (SIMPSON) FIELD
WINKLER COUNTY, TEXAS**

**FINAL ORDER
CONSOLIDATING EMPEROR (WADDELL) AND
QUE SUERTA (SIMPSON) FIELDS
INTO A NEW FIELD AND ADOPTING FIELD RULES
EMPEROR (SIMPSON) FIELD
WINKLER COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 17, 2002, the presiding examiner has 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 examiner's 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 application of Chevron U.S.A., Inc., to consolidate the Emperor (Waddell) and Que Suerta (Simpson) Fields into a New Field to be known as the Emperor (Simpson) Field (No. 28961 700), Winkler County, Texas, be and is hereby approved.

It is further **ORDERED** by the Railroad Commission of Texas that the temporary field rules, adopted December 20, 2000, under Oil & Gas Docket No. 08-0226590, for the Que Suerta (Simpson) Field be and are hereby rescinded.

It is further **ORDERED** by the Railroad Commission of Texas that the following field rules be and are hereby adopted for the Emperor (Simpson) Field.

RULE 1: The entire correlative interval from 10,225 feet and 11,309 feet as shown on the log of the Chevron U.S.A., Inc., S. Halley Lease Well No. 12; Section 7, Block B-11, PSL/S.M. Halley Survey, Winkler County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Emperor (Simpson) Field.

RULE 2: No well for gas shall hereafter be drilled nearer than SIX HUNDRED SIXTY (660) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than ONE THOUSAND THREE HUNDRED TWENTY (1320) feet 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. 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 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.

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 FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED 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 FOUR (704) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of EIGHT THOUSAND FIVE HUNDRED (8,500) feet removed from each other. Each proration unit containing less than SIX HUNDRED 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 THREE HUNDRED TWENTY (320) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a THREE HUNDRED TWENTY (320) acre fractional proration unit shall not be greater than SIX THOUSAND FIVE HUNDRED (6500) 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 4: The daily allowable production of gas from individual wells completed in a non-associated gas reservoir of 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 following manner:

FIVE percent (5%) of the total field allowable shall be allocated equally among the individual proratable wells producing from this field.

NINETY-FIVE percent (95%) of the total field allowable shall be allocated 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 proratable wells producing from this field.

It is further **ORDERED** by the Railroad Commission of Texas that the application of Chevron, U.S.A., Inc., for suspension of the allocation formula in the Emperor (Simpson) Field be and is hereby approved. The allocation formula may be reinstated administratively if the market demand for gas in the Emperor (Simpson) Field drops below 100% of deliverability.

Signed this twenty-first day of January, 2003.

RAILROAD COMMISSION OF TEXAS

Chairman Michael L. Williams

Commissioner Charles R. Matthews

ATTEST:

Secretary