

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO.
02-0297031**

**IN THE PANTHER REEF (FRIO CONS.)
FIELD, CALHOUN COUNTY, TEXAS**

**FINAL ORDER
CONSOLIDATION OF VARIOUS PANTHER REEF FIELDS INTO
THE PANTHER REEF (FRIO CONS.) FIELD
AND ADOPTION OF FIELD RULES FOR THE
PANTHER REEF (FRIO CONS.) FIELD,
CALHOUN COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 24, 2015, 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 various Panther Reef Fields, described in their entirety on Attachment A attached hereto, be consolidated into the Panther Reef (Frio Cons.) Field, Field ID No. 69022 100.

It is further **ORDERED** by the Commission that special field rules for the Panther Reef (Frio Cons.) Field are hereby adopted, and are set out in their entirety as follows:

RULE 1: The correlative interval from 8,420 feet to 10,620 feet, as shown on the well log for the Magnum Operating, LLC - Bull Redfish Unit, Well No. 2 (API No. 42-057-317844), State Tract 140, San Antonio Bay, Calhoun County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Panther Reef (Frio Cons.) Field.

RULE 2: No oil or gas well shall hereafter be drilled nearer than FOUR HUNDRED SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line. There is no minimum between-well spacing requirement. 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 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 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 3: The standard drilling unit for density for both oil wells and gas wells shall be 40 acres per unit.

RULE 4a: The maximum daily oil allowable for each well in the subject field shall be 225 barrels of oil per day, and the actual allowable for an individual well shall be determined by the sum total of the two following values:

- i. FIFTY percent (50%) of the field's total allowable shall be allocated equally by each well's potential as evidenced by the most recent W-10 test;
- ii. FIFTY percent (50%) of the field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

RULE 4b: 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 following manner:

- i. FIFTY percent (50%) 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.
- ii. FIFTY percent (50%) of the total field allowable shall be allocated equally among all the individual proratable wells producing from the field.

It is further **ORDERED** that the gas allocation formula in the Panther Reef (Frio Cons.) Field be suspended. The gas allocation formula shall be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Panther Reef (Frio Cons.) Field drops below 100% of deliverability.

Done this 20th day of October, 2015.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotected Master Order
dated October 20, 2015)**

Appendix A

FIELD NAME	FIELD NO.	FIELD TYPE
1. Panther Reef (Frio E-4)	69022 166	Gas
2. Panther Reef (Frio G)	69022 498	Gas
3. Panther Reef (Frio G-1)	69022 664	Gas
4. Panther Reef, NW. (Frio G)	69026 200	Gas
5. Panther Reef NW. (Frio I-2)	69026 340	Gas
6. Panther Reef, NW. (K-1)	69026 500	Oil
7. Panther Reef, N.W. (K-3)	69026 600	Gas
8. Panther Reef, SW. (Frio E-4)	69029 200	Gas
9. Panther Reef, (Frio E-4, F-C)	69029 250	Gas
10. Panther Reef, SW. (Frio G)	69029 300	Gas
11. Panther Reef, SW. (Frio G FB A)	69029 400	Gas
12. Panther Reef, SW. (Frio G FB B)	69029 500	Gas
13. Panther Reef, SW. (Frio G FB C)	69029 600	Gas
14. Panther Reef, SW (Frio G FB-D)	69029 650	Gas
15. Panther Reef, SW. (Frio G Upper)	69029 700	Gas
16. Panther Reef, SW. (Frio G-1)	69029 800	Gas
17. Panther Reef, SW. (Frio G-2)	69029 850	Gas
18. Panther Reef, SW. (Frio G-3)	69029 852	Gas
19. Panther Reef, SW. (Frio H-2)	69029 870	Gas
20. Panther Reef, SW. (Frio 8250)	69029 900	Gas
21. Panther Reef, S.W. (Frio 8260)	69029 910	Gas