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Texas Administrative Code

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(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Correlative interval--The depth interval designated by the field rules, by new field designation, or, where a correlative interval has not been designated by the commission, by other evidence submitted by the operator showing the producing interval for the field in which the horizontal drainhole is completed.

(2) Horizontal drainhole--That portion of the wellbore drilled in the correlative interval, between the penetration point and the terminus.

(3) Horizontal drainhole displacement--The calculated horizontal displacement of the horizontal drainhole from the penetration point to the terminus.

(4) Horizontal drainhole well--Any well that is developed with one or more horizontal drainholes having a horizontal drainhole displacement of at least 100 feet.

(5) Penetration point--The point where the drainhole penetrates the top of the correlative interval.

(6) Terminus--The farthest point required to be surveyed along the horizontal drainhole from the penetration point and within the correlative interval.

(b) Drainhole spacing.

(1) No point on a horizontal drainhole shall be drilled nearer than 1,200 feet (horizontal displacement), or other between-well spacing requirement under applicable rules for the field, to any point along any other horizontal drainhole in another well, or to any other well completed or drilling in the same field on the same lease, pooled unit, or unitized tract.

(2) No point on a horizontal drainhole shall be drilled nearer than 467 feet, or other lease-line spacing requirement under applicable rules for the field, from any property line, lease line, or subdivision line.

(3) All wells developed with horizontal drainholes shall otherwise comply with Statewide Rule 37, §3.37 of this title (relating to Statewide Spacing Rule), or other applicable spacing rules.

(c) Well densities. All wells developed with horizontal drainholes shall comply with Statewide Rule 38, §3.38 of this title (relating to Well Densities) or other applicable density rules.

(d) Proration and drilling units.

(1) Acreage may be assigned to each horizontal drainhole well for the purpose of allocating allowable oil or gas production up to the amount specified by applicable rules for a proration unit for a vertical

well plus the additional acreage assignment as provided in this paragraph.

Attached Graphic

(2) Assignment of acreage to proration and drilling units for horizontal drainhole wells must be done in accordance with Statewide Rule 40, §3.40 of this title (relating to Assignment of Acreage to Pooled Development and Proration Units).

(3) All proration and drilling units shall consist of continuous and contiguous acreage and proration units shall consist of acreage that can be reasonably considered to be productive of oil or gas.

(4) All points on the horizontal drainhole must be within the proration and drilling unit.

(5) The maximum daily allowable for a horizontal drainhole well shall be determined by multiplying the applicable allowable for a vertical well in the field with a proration unit containing the maximum acreage authorized by the applicable rules for the field, exclusive of tolerance acreage, by a fraction:

(A) the numerator of which is the acreage assigned to the horizontal drainhole well for proration purposes; and

(B) the denominator of which is the maximum acreage authorized by the applicable field rules for proration purposes, exclusive of tolerance acreage. The daily oil allowable shall be adjusted in accordance with Statewide Rule 49(a), §3.49(a) of this title (relating to Gas-Oil Ratio), when applicable.

(6) The maximum diagonal for each proration unit containing a horizontal drainhole well shall be the horizontal drainhole displacement of the longest horizontal drainhole for the well plus:

(A) 2,100 feet for fields that are regulated under statewide rules; or

(B) the maximum diagonal allowed for fields where the special field rules specify a maximum diagonal.

(e) Multiple drainholes allowed.

(1) A single well may be developed with more than one horizontal drainhole originating from a single vertical wellbore.

(2) A horizontal drainhole well developed with more than one horizontal drainhole shall be treated as a single well.

(3) The horizontal drainhole displacement used for calculating additional acreage assignment for a well completed with multiple horizontal drainholes shall be the horizontal drainhole displacement of the longest horizontal drainhole plus the projection of any other horizontal drainhole on a line that extends in a 180 degree direction from the longest horizontal drainhole.

(f) Drilling applications and required reports.

(1) Application. Any intent to develop a new or existing well with horizontal drainholes must be

indicated on the application to drill. An application for a permit to drill a horizontal drainhole shall include the fees required by Statewide Rule 78, §3.78 of this title (relating to Fees and Financial Security Requirements), and shall be certified by a person acquainted with the facts, stating that all information in the application is true and complete to the best of that person's knowledge.

(2) Drilling unit plat. The application to drill a horizontal drainhole shall be accompanied by a plat.

(A) In addition to the plat requirements provided for in §3.5 of this title (relating to Application to Drill, Deepen, Reenter, or Plug Back) (Statewide Rule 5), the plat shall include:

(i) the lease, pooled unit, or unitized tract, showing the acreage assigned to the drilling unit for the proposed well and the acreage assigned to the drilling units for all current applied for, permitted, or completed oil, gas, or oil and gas wells on the lease, pooled unit, or unitized tract;

(ii) the surface location of the proposed horizontal drainhole well, and the proposed path, penetration points, and terminus locations of all drainholes;

(iii) two perpendicular lines from the nearest point on the lease line, pooled unit line, or any unleased interest in a tract of the pooled unit, depicting the distance(s) to:

(I) the penetration point(s); and

(II) the terminus location(s);

(iv) perpendicular lines providing the distance in feet from the two nearest non-parallel survey lines to the terminus location(s);

(v) a line providing the distance in feet from the closest point along the horizontal course(s) of the drainhole(s) to the nearest point on the lease line, pooled unit line, or unitized tract line. If there is an unleased interest in a tract of the pooled unit that is nearer than the pooled unit line, the nearest point on that unleased tract boundary shall be used; and

(vi) lines from the nearest oil, gas, or oil and gas well, applied for, permitted or completed in the same lease or pooled unit and in the same field and reservoir depicting the distance to:

(I) the penetration point(s);

(II) the closest point along the horizontal course(s) of the drainhole(s); and

(III) the terminus location(s).

(B) An amended drilling permit application and plat shall be filed after completion of the horizontal drainhole well if the commission determines that the drainhole as drilled is not reasonable with respect to the drainhole represented on the plat filed with the drilling permit application.

(3) Directional survey. A directional survey from the surface to the farthest point drilled on the horizontal drainhole shall be required for all horizontal drainholes. The directional survey and accompanying reports shall be conducted and filed in accordance with Statewide Rules 11 and 12, §3.11 and §3.12 of this title (relating to Inclination and Directional Surveys Required and Directional Survey Company Report). No allowable shall be assigned to any horizontal drainhole well until a

directional survey and survey plat has been filed with and accepted by the commission.

(4) Proration unit plat. The required proration unit plat must depict the lease, pooled unit, or unitized tract, showing the acreage assigned to the proration unit for the horizontal drainhole well, the acreage assigned to the proration units for all wells on the lease, pooled unit, or unitized tract, and the path, penetration point, and terminus of all drainholes. No allowable shall be assigned to any horizontal drainhole well until the proration unit plat has been filed with and accepted by the commission.

(g) Exceptions and procedure for obtaining exceptions.

(1) The commission may grant exceptions to this section in order to prevent waste, prevent confiscation, or to protect correlative rights.

(2) If a permit to drill a horizontal drainhole requires an exception to this section, the notice and opportunity for hearing procedures for obtaining exceptions to the density provisions prescribed in Statewide Rule 38, §3.38 of this title (relating to Well Densities), shall be followed as set forth in Statewide Rule 38(h), §3.38(h) of this title (relating to Well Densities).

(3) For notice purposes, the commission presumes that for each adjacent tract and each tract nearer to any point along the proposed or existing horizontal drainhole than the prescribed minimum lease-line spacing distance, affected persons include:

(A) the designated operator;

(B) all lessees of record for tracts that have no designated operator; and

(C) all owners of record of unleased mineral interests.

Source Note: The provisions of this §3.86 adopted to be effective June 1, 1990, 15 TexReg 2635; amended to be effective July 10, 2000, 25 TexReg 6487; amended to be effective June 11, 2001, 26 TexReg 4088; amended to be effective September 1, 2004, 29 TexReg 8271

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