

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

**OIL AND GAS DOCKET
NO. 04-0274997**

**IN THE LYDA (VICKSBURG LOWER)
FIELD, STARR COUNTY, TEXAS**

**FINAL ORDER
CONSOLIDATING VARIOUS LYDA FIELDS INTO
THE LYDA (VICKSBURG LOWER) FIELD AND
AMENDING FIELD RULES FOR THE
LYDA (VICKSBURG LOWER) FIELD
STARR COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 27, 2012, 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 fields listed on Appendix A located in Starr County, Texas, are hereby combined into the Lyda (Vicksburg Lower) Field:

It is further ordered that the special field rules as adopted for the Lyda (Vicksburg Lower) Field by Order No.04-0205405, issued effective June 27, 1994, be and hereby amended and renumbered as follows:

RULE 1: The entire correlative interval from 6,070 feet to 9,700 feet as shown on the log of the Sun E&P, J.F. Hall State "A", Well No. 11, API No. 427-31965, C.B. Simpson #272 Survey, A-951, Starr County, shall be designated as a single reservoir for proration purposes and be designated as the Lyda (Vicksburg Lower) Field.

RULE 2: No oil or gas well shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line or subdivision line and there is no between-well spacing limitation for wells in this field. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well. 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.

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 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.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres.

For the determination of acreage credit in this field, operators shall file for each oil or gas well in this field a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units. On that form or an attachment thereto, the operator shall list the number of acres that are being assigned to each well on the lease or unit for proration purposes. For oil or gas wells, operators shall be required to file, along with the Form P-15, a plat of the lease, unit or property; provided that such plat shall not be required to show individual proration units.

RULE 4: 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:

TWENTY FIVE percent (25%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

SEVENTY-FIVE percent (75%) of the field's total 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 prorable wells producing from the field.

It is further ordered that the allocation formula in the Lyda (Vicksburg Lower) Field will remain suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Lyda (Vicksburg Lower) Field drops below 100% of deliverability.

Wells in the subject fields shall be transferred into the Lyda (Vicksburg Lower) Field without requiring new drilling permits.

Done this 24th day of April, 2012.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated April
24, 2012)**

Attachment "A"

<u>Field Name</u>	<u>Field Number</u>
LYDA (RINCON W)	55878 210
LYDA (RINCON 7460 VXBG)	55878 230
LYDA (VICKSBURG 6350)	55878 332
LYDA (VICKSBURG 6670)	55878 341
LYDA (6865 VICKSBURG)	55878 350
LYDA (VICKSBURG 6940)	55878 400
LYDA (VICKSBURG 7800)	55878 440
LYDA (VICKSBURG 8100)	55878 450
LYDA (6990 3 RD VXBG)	55878 677
LYDA (7000 3 RD VXBG)	55878 679
LYDA (7350 3 RD VXBG)	55878 683
LYDA (7570 4 TH VXBG)	55878 700
LYDA (7860 4 TH VXBG)	55878 720