

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

**OIL AND GAS DOCKET
NO. 02-0264010**

**IN THE EAGLEVILLE (EAGLE FORD)
FIELD, KARNES COUNTY, TEXAS**

**FINAL ORDER
ADOPTING TEMPORARY FIELD RULES
FOR THE EAGLEVILLE (EAGLE FORD) FIELD
KARNES COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on January 27, 2010, 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 following field rules shall be adopted on a temporary basis for the Eagleville (Eagle Ford) Field as hereafter set out:

RULE 1: The entire correlative interval from 10,294 feet to 10,580 feet as shown on the log of the Milton Unit Well No. 1 (API No. 42-255-31608), Section 64, John Randon Survey, A-247, Karnes County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Eagleville (Eagle Ford) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line, or subdivision line and there shall be 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 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.

A properly permitted horizontal drainhole will be considered to be in compliance with the spacing rules set forth herein if the as-drilled location falls within a rectangle established as follows:

- a. Two sides of the rectangle are parallel to the permitted drainhole and 33 feet on either side of the drainhole;
- b. The other two sides of the rectangle are perpendicular to the sides described in (a) above, with one of those sides passing through the penetration point and the other side passing through the terminus of the horizontal drainhole.

Any point of a horizontal drainhole outside of the described rectangle must conform to the permitted distance of the nearest property line, lease line or subdivision line measured perpendicular from the wellbore.

Rule 3: The acreage assigned to the individual oil well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) acres, except as hereinafter provided, and the two farthestmost points in any proration unit for a vertical well shall not be in excess of THREE THOUSAND TWO HUNDRED FIFTY (3,250) feet removed from each other; provided however, that in the case of long and narrow leases or in cases where because of the shape of the lease such is necessary to permit the utilization of tolerance acreage, the Commission may after proper showing grant exceptions to the limitations as to the shape of proration units as herein contained.

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 EIGHTY (80) acres, then and in such event the remaining unassigned acreage up to and including a total of FORTY (40) 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.

For the determination of acreage credit in this field, operators shall file for each oil 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 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 maximum daily oil allowable for each well in the field shall be 310 barrels of oil per day, upon expiration of the discovery allowable of 510 barrels per day. The allowable for each well shall be determined by multiplying the applicable allowable 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. The daily oil allowable for a well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

It is further ordered that these rules are temporary and effective until September 9, 2011, or until Commission staff evaluates appropriate data after notice and opportunity for hearing as offered by the Commission prior to the expiration of the rules. After this notice and opportunity for hearing, should the evidence evaluated during review be insufficient to sustain spacing or proration unit rules, these temporary rules, on the Commission's own motion, may be modified or terminated.

Done this 9th day of March, 2010.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated March
9, 2010)**