

RAILROAD COMMISSION OF TEXAS  
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET  
NO. 03-0247995

IN THE MADISONVILLE, W.  
(WOODBINE -A-) FIELD, MADISON  
COUNTY, TEXAS

FINAL ORDER  
ADDING A NEW RULE 1, AMENDING AND  
RENUMBERING RULES 1, 2 AND 3 OF THE FIELD RULES  
ADOPTED IN FINAL ORDER NO. 3-68,195  
ISSUED EFFECTIVE FEBRUARY 13, 1978, AS AMENDED,  
FOR THE MADISONVILLE, W. (WOODBINE -A-) FIELD,  
MADISON COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on August 10, 2006, 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 Rule 1 be added to the field rules adopted in Final Order No. 3-68,195, issued effective February 13, 1978, as amended, for the Madisonville, W. (Woodbine -A-) Field, Madison County, Texas.

**RULE 1:** The entire correlative interval from 8510 feet to 9200 feet as shown on the dual induction log of the J.P. Goldsmith Company Bengé Lease, Well No. 2, API No. 313-30388, A. Lott Survey, Madison County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Madisonville, W. (Woodbine -A-) Field.

It is further ordered by the Railroad Commission of Texas that Rules 1, 2 and 3 of the field rules adopted in Final Order No. 3-68,195, issued effective February 13, 1978, as amended, for the Madisonville, W. (Woodbine -A-) Field, Madison County, Texas be and they are renumbered and amended as hereafter set out.

**RULE 2:** No vertical 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 is **NO** minimum distance from any vertical well to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract.

For each horizontal drainhole for oil or gas the perpendicular distance from (1) any point on such horizontal drainhole to (2) any point on any property line, lease line or subdivision line shall be a

minimum of THREE HUNDRED THIRTY (330) feet. There is NO minimum distance from any point on a horizontal well within the correlative interval to any point on another horizontal well on the same lease.

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:

A. The acreage assigned to the individual vertical 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 ONE HUNDRED SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED SIXTY (160) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of FIVE THOUSAND (5000) 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. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil. No double assignment of acreage will be accepted.

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 ONE HUNDRED SIXTY (160) 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.

B. An operator, at his option, shall be permitted to form optional drilling and fractional proration units of FORTY (40) acres, with a proportional acreage allowable credit for a well on fractional proration units. The two farthestmost points of a FORTY (40) acre fractional proration unit shall not be greater than TWO THOUSAND ONE HUNDRED (2100) feet removed from each other.

C. For the purpose of allocating allowable oil production, acreage may be assigned to each Horizontal Drainhole Well up to the acreage determined by the following formula:

$A = (L \times 0.064) + 160$  acres, where A = calculated area assignable, if available, to a horizontal drainhole for proration purposes rounded upward to the next whole number evenly divisible by 40

acres; and L = the Horizontal Displacement of the well measured in feet between the point at which the drainhole penetrates the top of the correlative interval designated as the Madisonville, W. (Woodbine -A-) Field and the horizontal drainhole end point within the designated interval, provided that L is at least 150 feet.

D: The two farthestmost points in any horizontal drainhole well proration unit shall be determined by the formula:

Maximum Diagonal =  $475.933 \sqrt{A}$ , but not less than 2000 feet plus the Horizontal Drainhole Displacement, where A = the acres actually assigned to the proration unit.

A single well may be developed with more than one horizontal drainhole from a single wellbore. A horizontal drainhole well developed with more than one horizontal drainhole shall be treated as a single well. The horizontal drainhole displacement (L) used for determining the proration unit assignable acreage (A) for a well with multiple horizontal drainholes shall be the longest horizontal drainhole plus the projection, on a line that extends in a 180 degree direction from the longest horizontal drainhole, or any other horizontal drainhole drilled in a direction greater than 90 degrees from the longest horizontal drainhole. A well developed with horizontal drainholes shall be regarded as having multiple orientations.

E: All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive. No double assignment of acreage will be accepted.

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 maximum daily oil allowable for a vertical well in the field shall be determined by multiplying the applicable yardstick allowable for a well in the field 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.

The maximum daily oil allowable for a horizontal well in the field shall be determined by multiplying the acreage assigned to the well for proration purposes by 2.5125 barrels.

Done this 22nd day of August, 2006.

**RAILROAD COMMISSION OF TEXAS**  
(Order approved and signatures affixed by  
OGC Unprotested Master Order dated  
August 22nd, 2006.)