

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

**OIL AND GAS DOCKET  
NO. 06-0262655**

**IN THE BROOKELAND (AUSTIN  
CHALK 8800) FIELD, ANGELINA,  
JASPER, NEWTON, POLK, SABINE,  
SAN AUGUSTINE AND TYLER  
COUNTIES, TEXAS**

**FINAL ORDER  
AMENDING FIELD RULE NO. 3 FOR THE  
BROOKELAND (AUSTIN CHALK 8800) FIELD  
ANGELINA, JASPER, NEWTON, POLK, SABINE, SAN AUGUSTINE AND TYLER  
COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on September 11, 2009, 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 Field Rule No. 3 for the Brookeland (Austin Chalk 8800) Field adopted in Final Order No. 3 & 6-97,111, effective August 3, 1992, as amended, is amended as hereafter set out:

**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 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 FOUR THOUSAND FIVE HUNDRED (4,500) feet removed from each other except as provided for horizontal drainholes; 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 for vertical wells, the Commission may after proper showing grant exceptions to the limitations as to the shape of proration units as herein contained in order to prevent waste or confiscation. 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 vertical 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 EIGHTY (80) acres may be assigned as tolerance acreage to the last vertical 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.

The acreage assigned to an individual gas well for the purpose of allocating allowable gas 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; 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 ONE HUNDRED SEVENTY SIX (176) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of FOUR THOUSAND FIVE HUNDRED (4,500) feet removed from each other. Each proration unit containing less than ONE HUNDRED SIXTY (160) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

Notwithstanding the above, the acreage assigned to an oil or gas well which has been drilled as a horizontal drainhole may contain more than ONE HUNDRED SIXTY (160) acres provided that the table below shall be utilized to determine the proper assignment of acreage; and provided that the two farthestmost points of the unit created by the inclusion of such acreage be not greater than set forth on the table below:

A = Acreage assignable to a horizontal drainhole for proration purposes;

L = The horizontal drainhole distance between the point at which the drainhole penetrates the top of the designated interval in the Austin Chalk and the horizontal drainhole terminus within the designated interval in the Austin Chalk;

<u>-L-</u> <u>(Feet)</u>	<u>-A-</u> <u>Proration</u> <u>Unit Size</u> <u>(Acres)</u>	<u>Oil</u> <u>Allowable</u> <u>(BOPD)</u>	<u>Maximum</u> <u>Diagonal</u> <u>(Feet)</u>
150 - 600	160	402	4500
601 - 1400	320	804	6500
1401 - 2200	480	1206	8500
2201 - 3000	640	1608	10500
3001 - 3800	800	2010	12500
3801 - 4600	960	2412	14500
etc.	etc.	etc.	etc.

Multiple drainholes are allowed. 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 well 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 displacement plus the cumulative projections, on a line that extends in a 180 degree direction from the longest horizontal drainhole, of all other horizontal drainholes drilled in a direction greater than 90 degrees from the longest drainhole. The calculated acreage will be accepted as the assigned proration unit acreage as long as it does not exceed the size of the drilling unit identified on the plat filed with the approved drilling permit application for the wellbore. This will not prevent an operator from reducing assigned proration unit acreage for a wellbore, if necessary.

An operator may present evidence to substantiate a drainage area greater than that determined by the table set out above in this rule. After review of this evidence, the Commission may grant an exception and provide for larger proration units than determined by the above table. Twenty-one (21) days notice of such application for exception must be provided to all affected operators and owners of unleased mineral interests. Affected operators and owners of unleased mineral interests include the operators and unleased mineral interest owners of all adjacent offset tracts and the operators and unleased mineral interest owners of all tracts within or adjacent to the applied-for larger drainage area. If all interested persons waive objection to or fail to protest the application, the exception may be granted by the Commission with hearing after review of the application by the Director of the Oil and Gas Division or his delegate. If the Director or his delegate does not recommend approval, the applicant shall have the right to a hearing upon request. After hearing, the examiner shall recommend final action by the Commission.

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.

It is further **ORDERED** that all overproduction in the Brookeland (Austin Chalk 8800) Field is hereby cancelled.

Done this 22<sup>nd</sup> day of October, 2009.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated  
October 22, 2009)**