

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 06-0278239**

**IN THE TALCO FIELD, FRANKLIN AND  
TITUS COUNTIES, TEXAS**

**FINAL ORDER  
AMENDING AND RENUMBERING FIELD RULES FOR THE  
TALCO FIELD  
FRANKLIN AND TITUS COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 5, 2012, the presiding examiners have 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 examiners' 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 Rules for the Talco Field, Franklin and Titus Counties, Texas, adopted in Final Order No. 6-54,007, effective July 20, 1964, as amended, are hereby amended and renumbered. The amended and renumbered Field Rules are set out in their entirety below:

**RULE 1:** The entire correlative interval from 4,168 feet to 4,430 feet as shown on the log of the Exxon Mobil Corporation - Talco West Unit, Well No. 7312, API No. 42-159-30369 (formerly known as the Mobil Producing TX & NM, Inc. - Cora Lee Owings Lease, Well No. 17), McKinney and Williams Survey, A-342, Franklin County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Talco Field.

**RULE 2:** No well for oil or gas shall hereafter be drilled nearer than **TWO HUNDRED THIRTY THREE (233)** feet to any property line, lease line, or subdivision line. There is no minimum between well spacing limitation and wells may cross other wells at different depths. 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:** 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 TEN (10) acres. No proration unit shall consist of more than TEN (10) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of ONE THOUSAND ONE HUNDRED (1,100) 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 TEN (10) acres, then and in such event the remaining unassigned acreage up to and including a total of FIVE (5) 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.

An operator, at his option, shall be permitted to form optional drilling units of FIVE (5) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a FIVE (5) acre fractional proration unit shall not be greater than ONE THOUSAND (1,000) feet removed from each other.

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. Operators may, however, file such proration unit plats for individual wells in the field if they so choose.

It is further **ORDERED** that each Talco Field well drilled under a permit restricted against concurrent production with another well or wells shall be allowed to produce without re-permitting to remove that restriction (including, without limitation, the following wells) and that all Statewide Rule 37 concurrent production restrictions are hereby removed from the following wells in the Talco Field (ID No. 88207 001):

<u>LEASE NAME</u>	<u>WELL NO.</u>	<u>API NUMBER</u>
<b><u>Exxon Mobil Corporation</u></b>		
Talco West Unit	0101H	42-159-30559
Talco West Unit	0201H	42-159-30565
Talco West Unit	0305H	42-159-30573
Talco West Unit	2226H	42-159-30560
Talco West Unit	2407H	42-159-30557
Talco West Unit	4204H	42-159-30568
Talco West Unit	4804H	42-159-30563
Talco West Unit	4805H	42-159-30570
Talco West Unit	1618H	42-159-30575
Talco East Unit	1308H	42-449-30584
Talco East Unit	3304H	42-159-30580
<b><u>Arcadia Operating, LLC</u></b>		
Hagansport	15	42-159-30200
Hagansport	21	42-159-30572

Done this 6<sup>th</sup> day of November, 2012.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Divisions' Unprotested Master  
Order dated November 6, 2012)**