

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

**OIL AND GAS DOCKET
NO. 7B-0274235**

**IN THE BURKETT, SW. (DUFFER)
FIELD, COLEMAN COUNTY, TEXAS**

**FINAL ORDER
AMENDING FIELD RULES FOR THE
BURKETT, SW. (DUFFER) FIELD
AND TO INCREASE NET GAS-OIL RATIO AUTHORITY
FOR WELLS IN THE BURKETT, SW. (DUFFER) FIELD
COLEMAN COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on February 3, 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 Special Field Rules adopted in Final Order No. 7B-69,830, issued effective October 10, 1978, as amended, for the Burkett, SW. (Duffer) Field, Coleman County, Texas be amended and the following rules shall be adopted.

RULE 1: The entire correlative interval from 3,292 feet to 3,338 feet as shown on the Platform Express, Array Induction Tool, Gamma Ray, SP log of the Star Production, Inc.-W.C. Henderson "A" Well No. 1, (API No. 42-083-35964), Harris, J. Survey, A-80, Sec. 80, Coleman County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Burkett, SW. (Duffer) 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 no well shall be drilled nearer than **FOUR HUNDRED SIXTY-SEVEN (467)** feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. 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.

Notwithstanding the above, there is no minimum between well spacing requirement from a horizontal drainhole well to any other existing, permitted, or applied for vertical well on the same lease, unit or unitized tract.

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 an individual oil or gas well for the purpose of allocating allowable oil or gas 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 contain more than EIGHTY (80) acres. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil or gas. 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 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.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

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.

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. Notwithstanding the above, operators shall be required to file an as-drilled plat showing the path, penetration point and terminus of all drainholes in horizontal wells.

RULE 4a: The maximum daily oil allowable for a well in the field shall be determined by multiplying the applicable yardstick allowable for a well in the field, 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.

RULE 4b: The gas field shall be classified as associated-prorated. The 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 proportion that the acreage assigned such well for proration purposes bears to the summation of the acreage with respect to all proratable wells producing from the same reservoir.

It is ordered by the Railroad Commission of Texas that operators are hereby granted permission to produce wells in the Burkett, SW. (Duffer) Field, Coleman County, Texas, under increased net gas-oil ratio authority with a casinghead gas limit of 350 MCFD. It is further ordered the subject well's oil allowable shall not be penalized unless the above permitted casinghead gas limit is exceeded.

The allocation formula in the Burkett, SW. (Duffer) 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 Burkett, SW. (Duffer) Field drops below 100% of deliverability.

Done this 28th day of February, 2012

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by OGC
Unprotected Master Order dated February 28,
2012)**