

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

**OIL AND GAS DOCKET  
NO. 08-0255759**

**IN THE IATAN, EAST HOWARD FIELD,  
HOWARD AND MITCHELL COUNTIES,  
TEXAS**

**FINAL ORDER  
AMENDING FIELD RULES FOR THE  
IATAN, EAST HOWARD FIELD  
HOWARD AND MITCHELL COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 24, 2008, 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 Rules 1, 2 and 3 of the field rules for the Iatan, East Howard Field, Howard and Mitchell Counties, Texas, are amended as hereafter set out:

**RULE 1:** No well for oil or gas shall hereafter be drilled nearer than TWO HUNDRED FIFTY (250) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than FIVE HUNDRED (500) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. The aforementioned distance is the minimum distance to allow an operator flexibility in locating a well. 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 Rule 37, which applicable provisions of said rule 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 2:** 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 FIVE (5) acres. No proration unit shall consist of more than FIVE (5) 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 an operator may elect to assign a tolerance of not more than THIRTY FIVE (35) acres of additional unassigned lease acreage to a well located on a FIVE (5) acre unit and receive allowable credit therefor, but in no event shall an allowable credit for more than FORTY (40) acres be assigned, provided, that in the event such tolerance acreage is assigned, the two farther most points in a unit will be as follows: for a TEN (10) acre unit, not in excess of ONE THOUSAND ONE HUNDRED (1,100) feet; for a TWENTY (20) acre unit, not in excess of ONE THOUSAND FIVE HUNDRED (1,500) feet; for a THIRTY (30) acre unit, not in excess of ONE THOUSAND NINE HUNDRED (1,900) feet; for a FORTY (40) acre unit, not in excess of TWO THOUSAND ONE HUNDRED (2,100) feet; 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 the proration unit 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.

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 3:** The daily total field oil allowable, as fixed by the Commission after deductions have been made for marginal wells, high gas-oil ratio wells, and wells which are incapable of producing their allowables as determined hereby, shall be distributed among the remaining producing wells in the fields on a per well basis with each well on a FIVE (5) acre proration unit receiving an allowable of FORTY (40) barrels of oil per day; provided, however, when an operator elects to assign tolerance acreage to a well, that the allowable credit for each such well shall be ONE (1) barrel of oil per acre for each additional acre so assigned.

Done this 24<sup>th</sup> day of April, 2008.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated April  
24, 2008)**