

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

**OIL AND GAS DOCKET
NO. 08-0259977**

**IN THE SPRABERRY (TREND AREA)
FIELD, VARIOUS COUNTIES, TEXAS**

**FINAL ORDER
AMENDING FIELD RULE NOS. 2 AND 3 IN THE
SPRABERRY (TREND AREA) FIELD
VARIOUS COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 3, 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 Field Rule Nos. 2 and 3 for the Spraberry (Trend Area) Field, Various Counties, Texas adopted in Final Order No. 7C & 8-25,174, effective December 22, 1952, as amended, are hereby amended as to the portion of the field in Districts 8 and 8A. The amended Field Rule Nos. 2 and 3 are set out below:

RULE 2: No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than SIX HUNDRED SIXTY (660) 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.

Notwithstanding the above, there shall be no minimum spacing requirement between horizontal and vertical wells and operators shall be required to file an as-drilled plat showing the path, penetration point and terminus of all drainholes in horizontal wells.

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 an individual well 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 consist of more than EIGHTY (80) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of THREE THOUSAND (3,000) 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.

Notwithstanding the above, operators may elect to assign a tolerance of not more than EIGHTY (80) acres of additional unassigned lease acreage to a well on an EIGHTY (80) acre unit and shall in such event receive allowable credit for not more than ONE HUNDRED SIXTY (160) acres.

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.

Under the following conditions, an operator, at its option, shall be granted an exception to Statewide Rule 38 and permitted to form fractional units of less than EIGHTY (80) acres, but not less than TWENTY (20) acres:

- (a) The Railroad Commission shall notify in writing the designated operators, lessees of record for tracts that have no designated operator, and all owners of unleased mineral interests (i) within 1,867 feet from the location of a vertical well or (ii) within 1,867 feet of any point on a horizontal well within the correlative interval.

- (b) Designated operators, lessees of record for tracts that have no designated operator, and all owners of unleased mineral interests receiving this written notification shall have 21 days from the date of issuance of the notice of application for a Rule 38 density exception to file a written protest with the Railroad Commission, such protest to be received by the Railroad Commission within said 21 day period.
- (c) If no written protest is received by the Railroad Commission within the 21 day period of time, or if written waivers are received from each designated operator, lessee of record for tracts that have no designated operator, and all owners of unleased mineral interests to whom notice is required, the application shall be approved administratively by the Railroad Commission.
- (d) If a written protest is received by the Railroad Commission within 21 days of the date of issuance of the notice of application, the application will be scheduled for hearing at which the applicant must show that the fractional proration unit and the well thereon are necessary to effectively drain an area of the field that will not be effectively drained by existing wells, or to prevent waste or confiscation.
- (e) Permits granted pursuant to the above provision shall be issued as exceptions to Statewide Rule 38.
- (f) For permits requested on fractional units of less than TWENTY (20) acres, the procedures set forth in 16 Tex. Admin. Code § 3.38 (Rule 38) shall apply.

Done this 16th day of December, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by OGC Unprotested Master Order
dated December 16, 2008)**