

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

**OIL AND GAS DOCKET
NO. 08-0269423**

**IN THE GOLDSMITH, N. (SAN ANDRES,
CON.) FIELD, ANDREWS, ECTOR AND
WINKLER COUNTIES, TEXAS**

**FINAL ORDER
AMENDING FIELD RULE NOS. 1 AND 2 FOR THE
GOLDSMITH, N. (SAN ANDRES, CON.) FIELD
ANDREWS, ECTOR AND WINKLER COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on April 12, 2011, 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. 1 and 2 adopted in Final Order No. 8-53,296, effective June 1, 1964, as amended, for the Goldsmith, N. (San Andres, Con.) Field, Andrews, Ector and Winkler Counties, Texas, are hereby amended. The amended Field Rule Nos. 1 and 2 are set out as follows:

RULE 1: 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. There is no between well spacing limitation. 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 therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rule 37 and 38, 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 2a: 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 FORTY (40) acres. No proration unit shall consist of more than FORTY (40) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of TWO THOUSAND ONE HUNDRED (2,100) 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 FORTY (40) acres, then and in such event the remaining unassigned acreage up to and including a total of TWENTY (20) 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.

RULE 2b: Each gas well completed in said reservoir shall be allowed to withdraw for market or any other legal use as a monthly maximum that number of cubic feet of gas which, without this rule, is permitted to be produced from such gas well by operation of Statewide Rule 49 (b); provided, however, that where the amount of acreage assigned to such gas well is less than or exceeds FORTY (40) acres, such gas allowable shall be calculated by multiplying the same by a fraction, the numerator of which is the amount of such assigned acreage and the denominator of which is FORTY (40) acres. Acreage assigned to an oil proration unit shall not be assigned to a gas well producing from the same reservoir. No acreage can be assigned to a gas well in excess of THREE HUNDRED TWENTY (320) acres plus (10) per cent tolerance, and the two farthestmost points in any gas proration unit shall not be in excess of SIX THOUSAND (6,000) feet. All acreage assigned a gas well must reasonably be considered to be productive of gas.

An operator, at his option, shall be permitted to form optional oil or gas drilling units of TEN (10) acres. The two farthestmost points of a TEN (10) acre fractional proration unit shall not be greater than ONE THOUSAND ONE HUNDRED (1,100) feet removed from each other.

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 the most efficient rate of production at the current time for each oil well in the Goldsmith, N. (San Andres, Con.) Field (ID No. 35654 664), Andrews, Ector and Winkler Counties, Texas is established at 93 barrels of oil per day, regardless of the amount of acreage assigned to such well.

Done this 9th day of May, 2011.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated May 9,
2011)**