

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

**OIL AND GAS DOCKET
NO. 08-0271883**

**IN THE COLLIE (DELAWARE) FIELD,
REEVES AND WARD COUNTIES, TEXAS**

**FINAL ORDER
AMENDING FIELD RULES AND ESTABLISHING THE
MOST EFFICIENT RATE OF PRODUCTION FOR THE
COLLIE (DELAWARE) FIELD
REEVES AND WARD COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 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 the Field Rules adopted in Final Order No. No. 8-78,128, effective May 10, 1982, as amended, for the Collie (Delaware) Field, Reeves and Ward Counties, Texas, are hereby amended. The amended Field Rules are set out in their entirety as follows:

RULE 1: The entire correlative interval from 4,709 feet to 5,171 feet, as shown on the log of the Latino Petroleum Texas, LP - Layden "A" Lease, Well No. 26 (API No. 42-389-32374), Section 1, Block 6, H&GN RR Co. Survey, A-15, Reeves County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Collie (Delaware) 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 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 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 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 EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) acres except as hereinafter provided. 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 EIGHTY (80) 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.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres. There is no maximum diagonal limitation in this field.

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.

It is further **ORDERED** that the most efficient rate of production at the current time for each well in the Collie (Delaware) Field (ID No. 19665 200), Reeves and Ward Counties, Texas, is established at 350 barrels of oil per day, regardless of the number of acres assigned to each well for proration purposes.

It is further **ORDERED** that all overproduction in the field is hereby canceled.

Done this 8th day of November, 2011.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
November 8, 2011)**