

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

**OIL AND GAS DOCKET
NO. 08-0276176**

**IN THE LOWE (MISS.) FIELD, ANDREWS
AND MARTIN COUNTIES, TEXAS**

**FINAL ORDER
ADOPTING FIELD RULES FOR THE
LOWE (MISS.) FIELD
ANDREWS AND MARTIN COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on April 27, 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 the following Field Rules shall be adopted for the Lowe (Miss.) Field, Andrews and Martin Counties, Texas:

RULE 1: The entire correlative interval from 11,716 feet to 12,080 feet as shown on the log of the Cactus Drilling Company - JE Mabee Lease, Well No. 1A (API No. 42-003-10475), Section 11, Block 39, T-1-N, G&MMB&A Survey, A-2302, Martin County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Lowe (Miss.) Field.

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 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 therefor 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. The standard drilling unit shall remain FORTY (40) acres.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

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. There is no maximum diagonal limitation in this field.

RULE 3a: The gas field shall be classified as associated-prorated. The daily allowable production of gas from individual wells completed in an associated-prorated gas reservoir of 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 prorable wells producing from the same reservoir.

RULE 3b: The maximum daily oil allowable for a well in the field shall be determined by multiplying the 1965 Yardstick Allowable of 237 barrels of oil per day for a well in the field by a fraction, 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.

It is further **ORDERED** by the Commission that the application of Reliance Energy, Inc. for suspension of the allocation formula in the Lowe (Miss.) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Lowe (Miss.) Field drops below 100% of deliverability. If the market demand for gas in the Lowe (Miss.) Field drops below 100% of deliverability while the allocation formula is suspended, the operator shall immediately notify the Commission and the allocation formula shall be immediately reinstated.

Done this 12th day of June, 2012.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated June
12, 2012)**