

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

**OIL AND GAS DOCKET  
NO. 08-0276812**

**IN THE FULLERTON (SAN ANDRES)  
FIELD, ANDREWS COUNTY, TEXAS**

**FINAL ORDER  
AMENDING AND RENUMBERING THE FIELD RULES FOR THE  
FULLERTON (SAN ANDRES) FIELD  
ANDREWS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 19, 2012, the presiding examiners have 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 examiners' 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 for the Fullerton (San Andres) Field, Andrews County, Texas adopted in Final Order No. 8-38,183, effective June 30, 1958, as amended, are hereby amended and renumbered. The amended and renumbered Field Rules are set out in their entirety below:

**RULE 1:** The entire correlative interval from 4,246 feet to 5,393 feet as shown on the log of the Texland Petroleum, LP - C. W. Logsdon "E" Lease, Well No. 26 (API No. 42-003-42985), Section 2, Block A37, PSL Survey, A-1977, Andrews County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Fullerton (San Andres) 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. There is no minimum 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 3a:** The acreage assigned to an individual gas well 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; provided that, tolerance acreage of TEN (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of FORTY FOUR (44) acres may be assigned. 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. Each proration unit containing less than FORTY (40) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling units of TEN (10) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. 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.

**RULE 3b:** 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 TEN (10) 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 TEN (10) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. 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.

**RULE 4a:** 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 proratable wells producing from the same reservoir.

**RULE 4b:** The maximum daily oil allowable for each well in the subject field shall be the 1947 Yardstick Allowable of 93 barrels of oil per day and the actual allowable for an individual well shall be determined by multiplying the allowable 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. The daily oil allowable for a well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

It is further **ORDERED** by the Commission that the application of Texland Petroleum, LP for suspension of the allocation formula in the Fullerton (San Andres) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Fullerton (San Andres) Field drops below 100% of deliverability. If the market demand for gas in the Fullerton (San Andres) 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 7<sup>th</sup> day of August, 2012.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated August  
7, 2012)**