

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

**OIL AND GAS DOCKET NOS.
10-0262312 AND 10-0262316**

**IN THE FELDMAN (TONKAWA) FIELD,
HEMPHILL AND LIPSCOMB
COUNTIES, TEXAS**

**FINAL ORDER
CONSOLIDATING THE SPARKS (TONKAWA) FIELD
INTO THE FELDMAN (TONKAWA) FIELD
AND RESCINDING AND ADOPTING FIELD RULES
FOR THE FELDMAN (TONKAWA) FIELD
HEMPHILL AND LIPSCOMB COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on August 14, 2009, 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 Sparks (Tonkawa) Field (ID No. 84932 500) is consolidated into the Feldman (Tonkawa) Field (ID No. 30526 750), Hemphill and Lipscomb Counties, Texas.

It is further **ORDERED** that Field Rules for the Feldman (Tonkawa) Field adopted in Docket No. 10-47,665, effective February 1, 1962, are hereby rescinded. It is further **ORDERED** that the following Field Rules are hereby adopted for the Feldman (Tonkawa) Field, Hemphill and Lipscomb Counties, Texas:

RULE 1: The correlative interval from 7,606 feet to 7,652 feet as shown on the log of the Mobil Producing TX & NM, Inc. - Olive T. Jones Lease, Well No. 3 (API No. 42-295-80377), Lipscomb County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Feldman (Tonkawa) 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 other applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or

unitized tract. There is no minimum spacing requirement between horizontal and vertical wells. 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 in either field. 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 Rules 37 and 38, which applicable provisions of said rules 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.

Provided, however, that for purposes of spacing for horizontal wells, the following shall apply:

- a. A take point in a horizontal drainhole well is any point along a horizontal drainhole where oil and/or gas can be produced into the wellbore from the reservoir/field interval. The first take point may be at a different location than the penetration point and the last take point may be at a location different than the terminus point.
- b. All take points in a horizontal drainhole well shall be a minimum of FOUR HUNDRED SIXTY SEVEN (467) feet from the property line, lease line, or subdivision line. A permit or an amended permit is required for any take point closer to the lease line than the lease line spacing distance, including any perforations added in the vertical portion or the curve of a horizontal drainhole well.
- c. All take points in a horizontal drainhole well shall be a minimum distance of SIX HUNDRED SIXTY (660) feet from take points in any existing, permitted, or applied for horizontal drainhole well on the same lease, unit or unitized tract.

In addition to the penetration point and the terminus of the wellbore required to be identified on the drilling permit application (Form W-1H) and plat, the first and last take points must also be identified on the drilling permit application (remarks section) and plat. Operators shall file an as-drilled plat showing the path, penetration point, terminus and the first and last take points of all drainholes in horizontal wells, regardless of allocation formula.

For the purpose of assigning additional acreage to a horizontal well pursuant to Rule 86, the distance from the first take point to the last take point in the horizontal drainhole shall be used in such determination, in lieu of the distance from penetration point to terminus.

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 SIX HUNDRED FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED FORTY (640) 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 SEVEN HUNDRED FOUR (704) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of EIGHT THOUSAND (8,000) feet removed from each other. Each proration unit containing less than SIX HUNDRED FORTY (640) 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 ONE HUNDRED SIXTY (160) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a ONE HUNDRED SIXTY (160) acre fractional proration unit shall not be greater than FOUR THOUSAND FIVE HUNDRED (4,500) feet removed from each other.

RULE 3b: The acreage assigned to an individual oil well shall be known as a proration unit. The standard drilling and proration units are established hereby to be ONE HUNDRED SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED SIXTY (160) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of FIVE THOUSAND FIVE HUNDRED (5,500) 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 ONE HUNDRED SIXTY (160) acres, then and in such event the remaining unassigned acreage up to and including a total of EIGHTY (80) 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.

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: 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 ONE HUNDRED SIXTY (160) 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 ONE HUNDRED SIXTY (160) 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 SIX HUNDRED FORTY (640) acres plus TEN percent (10%) tolerance, and all acreage assigned must reasonably be considered to be productive of gas.

RULE 4b: The maximum daily oil allowable for a well in the field shall be determined by multiplying the maximum allowable of 241 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. The daily oil allowable for a well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

Wells in the Sparks (Tonkawa) Field shall be transferred into the Feldman (Tonkawa) Field without requiring new drilling permits.

Done this 29th day of September, 2009.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by OGC
Unprotested Master Order dated September 29,
2009)**