

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 04-0290062**

**IN THE CHARAMOUSCA (COLE
CONS.) FIELD, DUVAL COUNTY,
TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF SMITH PRODUCTION INC.
FOR A NEW FIELD DESIGNATION FOR THE
AND ADOPTING FIELD RULES FOR THE
CHARAMOUSCA (COLE CONS.) FIELD
DUVAL COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on August 1, 2014, 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 application of Smith Production Inc. for a new field designation for its DCRC-Section 295 Lease, Well No. 2 is hereby approved. The new field shall be known as the Charamousca (Cole Cons.) Field (RRC Field No. 17107100), Duval County, Texas.

It is further **ORDERED** that the following field rules are hereby adopted and made permanent for the Charamousca (Cole Cons.) Field, Duval County, Texas:

RULE 1: The entire correlative interval from 700 feet to 1,180 feet as shown on the log of the Smith Production Inc. - DCRC - Section 295 Lease, Well No. 2 (API No. 42-131-39314), Section 295, GC&SF RR Co Survey, A-1086, Duval County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Charamousca (Cole Cons.) 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 in the 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.

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 TWENTY (20) acres. No proration unit shall consist of more than TWENTY (20) 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.

Notwithstanding the above, if drilling the last well on any lease, operators may elect to assign a tolerance of TWENTY (20) acres of additional unassigned lease acreage to the last well on any lease to form a FORTY (40) acre unit and shall in such event receive allowable credit for not more than FORTY (40) acres, unless the well is a horizontal drainhole well qualifying for additional acreage assignment pursuant to Statewide Rule 86.

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 4: The maximum daily oil allowable for each well in the subject field shall be the Discovery Allowable of 100 barrels of oil per day until expiration of this Discovery Allowable. At that time, the 1965 Yardstick Allowable of 39 barrels of oil per day shall be effective. The actual allowable for an individual well shall be determined by the sum total of the two following values:

- a. Each well shall be assigned an allowable equal to the top allowable established for a well having a proration unit containing the maximum acreage authorized for a vertical well exclusive of tolerance acreage multiplied by NINETY FIVE percent (95%) and by then multiplying this value by a fraction, the numerator of which is the acreage assigned to the well and the denominator of which is the maximum acreage authorized for a proration unit exclusive of tolerance acreage.
- b. Each well shall be assigned an allowable equal to FIVE percent (5%) of the maximum daily oil allowable above.

It is further **ORDERED** that DCRC - Section 295 Lease, Well No. 4 (API No. 42-131-39341) and DCRC - Section 295 Lease, Well No. 5 (API No. 42-131-393171) shall be transferred into the Charamousca (Cole Cons.) Field (Field No. 17107100) without requiring new drilling permits.

It is further **ORDERED** that all overproduction for the DCRC - Section 295 Lease (Lease ID No. 13744) is hereby cancelled.

Done this 28th day of October, 2014.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master
Order dated October 28, 2014)**