

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 04-0295954**

**IN THE LONGHORN, WEST (HOCKLEY)
FIELD, DUVAL COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF
SANDALWOOD EXPLORATION, LP
FOR A NEW FIELD DESIGNATION AND ADOPTING
TEMPORARY FIELD RULES FOR THE
LONGHORN, WEST (HOCKLEY) FIELD
DUVAL COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on April 27, 2015, 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 Sandalwood Exploration, LP. for a new field designation for the Longhorn, West (Hockley) Field, Duval County, Texas, be and hereby is approved.

It is further **ORDERED** that the following temporary field rules shall be adopted for the Longhorn, West (Hockley) Field, Duval County, Texas:

RULE 1: The entire correlative interval from 4,646 feet to 4,656 feet as shown on the Baker Hughes High Definition Induction Log of the Crestonio Properties 'A' Lease, Well No. 1 (API No. 42-131-39519), Duval County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Longhorn, West (Hockley) Field.

RULE 2: No oil well 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 an individual oil well for the purpose of allocating allowable 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. 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 allowed.

For the determination of acreage credit in this field, operators shall file for each 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 each well, 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. Operators may, however, file such proration unit plats for individual wells in the field if they so choose. There is no maximum diagonal limitation in this field.

RULE 4: The maximum daily oil allowable for each well in the subject field shall be the Discovery Allowable of 130 barrels of oil per day until the expiration of this Discovery Allowable, at which time, the 1965 Yardstick Allowable shall be in effect.

It is further **ORDERED** that these rules are temporary and effective until December 9, 2016, or until Commission staff evaluates appropriate data after notice and opportunity for hearing as offered by the Commission prior to the expiration of the rules. After this notice and opportunity for hearing, should the evidence evaluated during review be insufficient to sustain spacing or proration unit rules, these temporary rules, on the Commission's own motion, will be terminated and the field will revert to Statewide spacing and density rules.

Done this 9th day of June, 2015.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division Unprotested Master Order
dated June 9, 2015)**