

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 03-0305775**

**IN THE NEWTON, N. (KURTH SAND)  
FIELD, NEWTON COUNTY, TEXAS**

**FINAL ORDER  
ADOPTING AMENDED PERMANENT FIELD RULES  
FOR THE NEWTON, N. (KURTH SAND) FIELD  
NEWTON COUNTY, TEXAS**

The Commission finds that after statutory notice of the application made by Foundation Energy Management LLC in the above-numbered docket heard on August 30, 2017, 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 Field Rules adopted in Oil & Gas Docket No. 3-38,692, issued effective August 25, 1958, as amended, for the Newton, N. (Kurth Sand) Field, Newton County, Texas are amended and renumbered and the following permanent rules should be adopted.

**RULE 1:** The Correlative Interval from 7,254 to 7,304' as shown on the log of the Foundation Energy Management LLC, Kurth J.H. Jr -A- Well #7A, 1394.24' FNL & 1,653' FWL of the Sudduth, HW Survey A-381, Newton County, TX shall be designated as a single reservoir for proration purposes and be designated as the Newton, N. (Kurth Sand) 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. The minimum between well spacing requirement is **SIX HUNDRED SIXTY (660)** feet. 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 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. 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 vertical well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard oil and gas drilling and proration units are established hereby to be EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) 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.

An operator, at his option, shall be permitted to form optional drilling units of FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

**RULE 4:** Allocation based on Two-Factor Allocation Formula of 5% Acres and 95% Per Well.

**RULE 5:** For the determination of acreage credit in this field, the operators shall file for each oil or gas well in this field a Form P-16 Acreage Designation and a Plat of the entire lease. 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 oil and gas wells, operators shall be required to file, along with the Form P-16, a plat of the entire lease, unit or property; provided that such plat shall not be required to show individual proration units. However, an operator may file a proration unit plat along with the Form P-16 if they so desire. There is no maximum diagonal limitation in this field.

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and by agreement of Foundation on the record, **Foundation has waived the right to file a motion for rehearing and this Final Order can be effective on the date the Master Order relating to the Final Order is signed.**

Done this 5<sup>th</sup> day of December, 2017.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by Hearings Divisions' Unprotested Master Order dated December 5, 2017)**