

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7B-308447

**THE APPLICATION OF LAKEWOOD OPERATING, LTD TO AMEND THE FIELD
RULES FOR THE BIG EASY (ELLENBURGER) FIELD TAYLOR COUNTY, TEXAS**

FINAL ORDER

The Commission finds that after statutory notice of the application made by Lakewood Operating, Ltd. in the above-numbered docket heard on February 15, 2018, the presiding Examiner and Administrative Law Judge 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 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 following Permanent Field Rules shall be adopted for the Big Easy (Ellenburger) Field Taylor County, Texas.

Rule 1: Designated Correlative Interval from 4,592' to 4,824' as shown on the Phased Induction Shallow Focus SP log of the Lakewood Operating, Ltd., Sundance Kid #1 Lease, located in Section 3, Abstract 1046 of the LAL Survey, Taylor County, Texas.

Rule 2: No well for oil shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line, or subdivision line and no oil well shall be drilled nearer than NINE HUNDRED THIRTY THREE (933) 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. 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 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. 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 up to FORTY (40) acres, then and in such event the remaining unassigned acreage up to and including a total of TWENTY (20) 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.

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

Rule 4: Field top allowable is based on 100% acreage.

It is further **ORDERED** that all accumulated overproduction for the Sundance Kid Lease (32080) effective as of the date of this Final Order is hereby canceled.

Done this 20th day of March, 2018.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures
affixed by Hearings Divisions'
Unprotested Master Order dated
March 20, 2018)**