

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 03-0312241

**APPLICATION OF ARCADIA OPERATING, LLC (028734) TO ADOPT FIELD RULES
FOR THE ACE, NORTH (4350) FIELD, POLK COUNTY, TEXAS**

FINAL ORDER

The Commission finds that after statutory notice of the application made by Arcadia Operating, LLC (Operator No. 028734) in the above-numbered docket heard on August 21, 2018, the presiding Technical Examiner and Administrative Law Judge (collectively "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 following field rules shall be adopted for the Ace, North (4350) Field (ID No. 00420 332), Polk County, Texas:

RULE 1: The entire correlative interval from 4,341 feet to 4,358 feet as shown on the Platform Express Array Induction, Compensated Neutron, Three Detector Litho-Density Log of the Famcor Oil, Inc., Finch Lease Well No. 1, located in the Hiroms, S C Survey A-37, Polk County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Ace, North (4350) Field. The designated correlative interval is from the top of the Jackson Sand Formation to the base of the Jackson Sand Formation.

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. 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 Rule 37 and 38, which applicable provisions of said rule 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 except as hereinafter provided. There is no maximum diagonal limitation in this field. 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.

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 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.

An operator, at its option, shall be permitted to form optional drilling and proration units of TWENTY (20) acres for oil wells. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

For the determination of acreage credit in this field, operators shall file for each well in this field a Form P-16 Data Sheet, 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 each well, operators shall be required to file, along with the Form P-16, 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 Pallowable for each well in the subject field shall be the 1965 Yardstick Allowable of 93 barrels of oil per day. The daily total field allowable, as fixed by the Commission after deductions have been made for marginal wells, high gas-oil ratio wells, and wells which are incapable of producing their allowables as determined hereby, shall be distributed among the remaining producing wells in the field,

and the daily per well allowable for each well, after said deductions have been made, shall be the total field daily allowable divided by the number of producing wells in the field.

Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and by agreement of the Parties in writing or on the record, **the parties have waived right to file a Motion for Rehearing and this Final Order is effective on the date the Master Order relating to the Final Order is signed.**

It is further **ORDERED** that the field rules contained herein be made permanent.

Done this 16th day of October 2018.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Divisions' Unprotected
Master Order dated October 16, 2018)**