

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 04-0318574

APPLICATION OF SANDALWOOD EXPLORATION, L.P. (747194) TO CONSIDER AMENDING THE FIELD RULES FOR THE PAPALOTE, SOUTH (CATAHOULA) FIELD, SAN PATRICIO COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after statutory notice in the above-numbered docket heard on April 12, 2019, the Technical Examiner and Administrative Law Judge (collectively "Examiners") have made and filed a report and recommendation ("Report") containing findings of fact and conclusions of law, for which service was not required; that the proposed application complies with all statutory requirements; and that this proceeding was duly submitted to the Commission at conference held in its offices in Austin, Texas.

The Commission, after consideration of this matter, hereby adopts as its own the findings of fact and conclusions of law contained in the Report, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** that the following permanent field rules for Papalote, South (Catahoula) Field, San Patricio County, Texas are hereby adopted and are set out in their entirety as follows:

RULE 1: The Papalote, South (Catahoula) Field is defined as the correlative interval from 3368 feet to 3564 feet as shown on the Dual Induction Log of the Sandalwood Exploration, L.P. Pappy Unit 2 Well No. 1 (API No. 42-409-33019) located in the Bridget Quinn Survey, Abstract 27, San Patricio County, Texas.

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. There is no minimum between-well spacing requirement. 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 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 otherwise provided herein or in the Commission's Statewide Rules. 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 drilling of the last oil well on any lease and the assignment of acreage to each well thereon in accordance with the regulations of the Commission there remains 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 oil well drilled on such lease or may be distributed among any group of oil 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 fractional proration units of TEN (10) acres, with proportional acreage allowable credit for wells on fractional proration units. Each proration unit containing less than FORTY (40) acres shall be 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-15 Statement of Productivity of Acreage Assigned to Proration Units, or 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. Operators shall not be required to file plats with the Form P-15 or Form P-16 Data Sheet showing individual proration units for oil wells. Operators may, however, file such proration unit plats for individual wells in the field if they choose. Provided further, that if the acreage assigned to any well 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. There is no maximum diagonal limitation in this field.

RULE 4: Each oil well shall be assigned an allowable of TEN (10) barrels of oil per day for each acre in the proration unit for the well.

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.**

Done this 11th day of September 2019.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated September 11, 2018)