

**RAILROAD COMMISSION OF TEXAS  
OFFICE OF GENERAL COUNSEL**

**OIL AND GAS DOCKET  
NO. 08-0257100**

**IN THE EMBAR (PERMIAN) AND  
EMBAR (5600) FIELDS, ANDREWS,  
ECTOR AND REAGAN COUNTIES,  
TEXAS**

**FINAL ORDER  
CONSOLIDATING THE EMBAR (5600) FIELD  
INTO THE EMBAR (PERMIAN) FIELD  
AND AMENDING FIELD RULES FOR THE  
EMBAR (PERMIAN) FIELD  
ANDREWS, ECTOR AND REAGAN COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 18, 2008, the presiding examiner has made and filed a report and recommendation containing findings of fact and conclusions of law, which was served on all parties of record; 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 Embar (5600) Field is hereby consolidated into the Embar (Permian) Field, Andrews, Ector and Reagan Counties, Texas; and all records and reports filed with the Commission will show such designation.

It is further **ORDERED** by the Commission that the following rules are hereby adopted for the Embar (Permian) Field:

**RULE 1:** The entire correlative interval from 5,328 feet to 7,263 as shown on the log of the University Andrews Well No. 31, API 003-04605, Block 10, Section 30, University Lands Survey, Andrews County, shall be considered a single reservoir for proration purposes and be designated as the Embar (Permian) Field.

**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 in either 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 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 or gas well 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.

No gas well proration unit shall contain more than FORTY (40) acres; provided however, that tolerance acreage of ten (10) percent shall be allowed for each proration unit so that an amount not to exceed a maximum of FORTY FOUR (44) acres may be assigned to each gas well. Each proration unit containing less than FORTY (40) acres shall be a fractional proration unit.

If after the 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 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 his option, shall be permitted to form optional drilling and fractional proration units of TWENTY (20) acres. There is no maximum diagonal limitation for these optional units.

For the determination of acreage credit for gas wells in this field, operators shall file for each well 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. When the allocation formula in this field is suspended, operators in this field shall not be required to file plats with the Form P-15. When the allocation formula is in effect in this field, operators shall be required to file, along with the Form P-15, individual proration unit plats showing the acreage assigned to each gas well. 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.

**RULE 4:** The daily allowable production of gas from individual wells completed in the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the following manner:

SEVENTY FIVE percent (75%) of the total field allowable shall be allocated among the individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of the acreage with respect to all prorable wells producing from this field.

TWENTY FIVE percent (25%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

It is further ordered that the allocation formula for the Embar (Permian) Field shall remain suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Embar (Permian) Field drops below 100% of deliverability.

The **EXEMPT** status for the oil field shall not be changed and operators are not required to file proration unit plats for oil wells.

Done this 15<sup>th</sup> day of July, 2008.

**RAILROAD COMMISSION OF TEXAS  
(Order approved and signatures  
affixed by OGC Unprotested Master  
Order dated July 15, 2008)**