

RAILROAD COMMISSION OF TEXAS  
OFFICE OF GENERAL COUNSEL  
HEARINGS SECTION

OIL AND GAS DOCKET  
NO. 8A-0265073

IN THE TEX-MEX, SE. (WICHITA  
ALBANY) FIELD, GAINES COUNTY,  
TEXAS

FINAL ORDER  
CONSOLIDATING THE  
TEX-MEX, SE. (SAN ANDRES) AND TEX-MEX, S.E. (UPPER CLEARFORK) FIELDS  
INTO THE TEX-MEX, SE. (WICHITA ALBANY) FIELD AND  
AMENDING THE FIELD RULES FOR THE  
TEX-MEX, SE. (WICHITA ALBANY) FIELD  
GAINES COUNTY, TEXAS

The Commission finds that after statutory notice in the above-number docket heard on April 23, 2010, 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 for which service was waived by 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 Tex-Mex, SE. (San Andres), ID No. 89010 500, and the Tex-Mex, S.E. (Upper Clearfork), ID No. 89010 600, Fields, are hereby combined into the Tex-Mex, SE. (Wichita Albany), ID No. 89010 700, Field.

Wells in the subject fields shall be transferred into the Tex-Mex, SE. (Wichita Albany) Field without requiring new drilling permits and plats.

It is further **ORDERED** that the following Field Rules are amended for the Tex-Mex, SE. (Wichita Albany) Field:

**RULE 1:** The entire correlative interval between 4,350 feet and 7,700 feet as shown on the log of the Petroleum Technical Services - Hancock Lease, Well No. 4 (API No. 42-165-35086), shall be designated as a single reservoir for proration purposes and be designated as the Tex-Mex, SE. (Wichita Albany) 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. There is no between-well spacing limitation for wells in this field. 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 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 shall be known as a proration unit. The standard 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. The two farthestmost points in any proration unit shall not be in excess of THREE THOUSAND TWO HUNDRED FIFTY (3,250) feet removed from each other; provided however, that in the case of long and narrow leases or in cases where because of the shape of the lease such is necessary to permit the utilization of tolerance acreage, the Commission may after proper showing grant exceptions to the limitations as to the shape of proration units as herein contained. 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 less than EIGHTY (80) acres, then and in such event the remaining unassigned acreage up to and including a total of FORTY (40) 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 oil units of TWENTY (20) acres. The two farthestmost points of a TWENTY (20) acre fractional proration unit shall not be greater than ONE THOUSAND FIVE HUNDRED (1,500) feet removed from each other.

For all wells, operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit 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 maximum daily oil allowable for each well in the subject field shall be the 1965 Yardstick Allowable of 198 barrels of oil per day. The actual allowable for an individual well shall be determined by the sum total of the two following values:

- a. Each well shall be assigned an allowable equal to its potential based on the most recent well test filed with the Commission multiplied by 95%, provided that this value shall not exceed the maximum daily allowable multiplied by 95%.
- b. Each well shall be assigned an allowable equal to 5% of the maximum daily oil allowable above.

**RULE 5:** The permitted gas-oil ratio for all wells shall be 15,000 cubic feet of gas per barrel of oil produced. Any oil well producing with a gas-oil ratio in excess of 15,000 cubic feet of gas per barrel of oil produced shall be allowed to produce daily only that volume of gas obtained by multiplying its daily oil allowable, as determined by the allocation formula applicable to the well, by 15,000. The gas volume thus obtained shall be known as the daily gas limit of the well. The daily oil allowable of the well shall then be determined by dividing its daily gas limit, obtained as herein provided, by its producing gas-oil ratio in cubic feet per barrel of oil produced.

Done this 18<sup>th</sup> day of May, 2010.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated May 18,  
2010)**