

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

**OIL AND GAS DOCKET
NO. 03-0276538**

**IN THE FORT TRINIDAD, EAST
(BUDA) FIELD, HOUSTON AND
MADISON COUNTIES, TEXAS**

**FINAL ORDER
AMENDING FIELD RULE NO. 3
FORT TRINIDAD, EAST (BUDA) FIELD
HOUSTON AND MADISON COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 25, 2012, the presiding 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 Field Rule No. 3 for the Fort Trinidad, East (Buda) Field, Houston and Madison Counties, Texas, adopted in Final Order No. 3-56,036, effective February 14, 1966, as amended, is hereby further amended. The amended Field Rule No. 3 is set out below:

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 SIX HUNDRED FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED FORTY (640) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of EIGHT THOUSAND FIVE HUNDRED (8,500) 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.

Notwithstanding the above, operators may elect to assign a tolerance of not more than SIXTY-FOUR (64) acres of additional unassigned lease acreage to a well on an SIX HUNDRED FORTY (640) acre unit and shall in such event receive allowable credit for not more than SEVEN HUNDRED FOUR (704) acres.

An operator, at his option, shall be permitted to form optional drilling units of EIGHTY (80) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of an EIGHTY (80) acre fractional proration unit shall not be greater than THREE THOUSAND TWO HUNDRED FIFTY (3,250) feet removed from each other.

Notwithstanding the above, additional acreage may be assigned to an oil or gas well which has been drilled as a horizontal drainhole, provided that the following formula is utilized to determine the proper assignment of acreage:

$$A = (L \times 0.1723) + 640 \text{ acres}$$

Where: A = calculated area assignable, if available, to a horizontal drainhole for proration purposes rounded upward to the next whole number evenly divisible by 40 acres and capped at 1,280 acres

L = the horizontal drainhole distance measured in feet between the penetration point and the terminus

The two farthestmost points in any horizontal drainhole well proration unit shall be determined by the formula:

$$\text{Maximum Diagonal} = 475.933 \sqrt{A}$$

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.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated August
21, 2012)**