

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL & GAS DOCKET NO.
04-0300420**

**IN THE MORGAN 6600 (FRIO)
FIELD,SAN PATRICIO COUNTY,
TEXAS**

**FINAL ORDER
CONSOLIDATING THE MORGAN (6700 FRIO) AND SINTON, WEST FIELDS
INTO THE MORGAN (6600 FRIO) FIELD AND TO ADOPT PERMANENT FIELD RULES
FOR THE MORGAN (6600 FRIO) FIELD,
SAN PATRICIO COUNTY, TEXAS.**

The Commission finds that after statutory notice in the above-numbered docket heard on June 28, 2016, the presiding Technical Examiner and Administrative Law Judge ("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 Morgan (6700 Frio) Field (ID No. 62860850) and Sinton, West Field (ID No. 83760001) are hereby consolidated into the Morgan (6600 Frio) Field (ID No. 62860747) in San Patricio County, Texas.

It is further **ORDERED** that the following permanent Field Rules are hereby adopted for the Morgan (6600 Frio) Field (ID No. 62860747), San Patricio County, Texas. The field rules are set out in their entirety below:

RULE 1: The Morgan (6600 Frio) Field is defined as the correlative interval from 6,620 feet to 6,860 feet on the Schlumberger composite self-potential and resistivity log of the P. L. Johnson Lease Well No. 1 (API No. 42-409-00878).

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. No oil or gas well shall hereafter 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 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 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). No proration unit shall consist of more than FORTY (40) acres except as hereinafter provided. 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 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 units of TWENTY (20) acres. 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 oil or gas well in this field a Form P-16 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 oil or gas wells, 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. However, an operator may file individual proration unit plats if they so desire. There is no maximum diagonal limitation in this field.

RULE 4: Allocation will be based on 100% acreage. The 1965 Yardstick maximum daily oil allowable shall apply for wells in the subject field. The maximum daily oil allowable for a well in the field shall be determined by multiplying the applicable yardstick allowable for a well in the field by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for proration purposes, exclusive of tolerance acreage.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date Commission Order is signed.

Done this 12th day of September, 2016.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master Order
dated September 12, 2016)**