

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

**OIL AND GAS DOCKET
NO. 08-0265191**

**IN THE MARTIN (CONSOLIDATED)
FIELD, ANDREWS AND ECTOR
COUNTIES, TEXAS**

**FINAL ORDER
CONSOLIDATING VARIOUS MARTIN FIELDS AND TRANSFERRING WELLS
FROM THE GOLDSMITH, N. (SAN ANDRES, CON.) FIELD
INTO THE MARTIN (CONSOLIDATED) FIELD AND
AMENDING THE FIELD RULES FOR THE
MARTIN (CONSOLIDATED) FIELD
ANDREWS AND ECTOR COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-number docket heard on April 28 and May 28, 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 following fields located in Andrews and Ector Counties, Texas, are hereby combined into the Martin (Consolidated) Field (ID No. 57774 275).

<u>FIELD NAME</u>	<u>ID NUMBER</u>
Martin (Clear Fork, South)	57774 249
Martin (Glorieta)	57774 420
Martin (San Andres)	57774 581
Martin (Tubb)	57774 664
Martin (5700)	57774 880
Martin (7200)	57774 913

Wells in the subject fields and the wells listed in Attachment A shall be transferred into the Martin (Consolidated) Field without requiring new drilling permits and plats.

It is further **ORDERED** that the following Field Rules adopted in Final Order No. 08-0225627, effective November 20, 2000, as amended, for the Martin (Consolidated) Field, Andrews and Ector Counties, Texas, are hereby amended. The amended Field Rules are set out in their entirety as follows:

RULE 1: The entire correlative interval from 4,199 feet to 7,923 feet as shown on the log of the Phillips Petroleum Company - University ATP Lease, Well No. 5 (API No. 42-003-37265), shall be designated as a single reservoir for proration purposes and be designated as the Martin (Consolidated) 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 FORTY (40) acres. No proration unit shall consist of more than FORTY (40) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of TWO THOUSAND ONE HUNDRED (2,100) 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 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 oil units of TEN (10) acres. The two farthestmost points of a TEN (10) acre fractional proration unit shall not be greater than ONE THOUSAND ONE HUNDRED (1,100) 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 164 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.

It is further **ORDERED** that each well in the Martin (Consolidated) Field, Andrews and Ector Counties, Texas, is hereby granted permission to produce under increased net gas-oil ratio authority with a casinghead gas limit of 900 MCFGPD.

It is further **ORDERED** that each well's oil allowable shall not be penalized unless the above permitted casinghead gas limit is exceeded.

Done this 22nd day of June, 2010.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated June
22, 2010)**

ATTACHMENT A**Wells to be Transferred From the Goldsmith, N. (San Andres, Con.) Field**

<u>OPERATOR</u>	<u>WELL NAME</u>	<u>LEASE No.</u>	<u>API No.</u>
Brown, H L Operating LLC	Cascade D #1	37035	42-003-33966
Burleson, Lewis B Inc	Argo B #1	18603	42-003-
		07639	
	Argo B #2	18603	42-003-39883
ConocoPhillips Company	University Andrews #91	21905	42-003-04585
Endeavor Energy Resources LLP	Wheeler #1	29276	42-003-34325
Energen Resources Corporation	University Land #2-A	25054	42-003-31679
ExxonMobil Corporation	Parker , J E #29-U	18573	42-003-03006
	Parker , J E #100	18573	42-003-35190
	Parker , J E #107	18573	42-003-36296
	Parker , J E #108	18573	42-003-36294
	Parker , J E #109	18573	42-003-35388
	Parker , J E A/C 1 "A" #74	32101	42-003-10980
	Parker , J E A/C 1 "A" #101	32101	42-003-35189
Huntington Energy LLC	Parker , J E Estate B #2	18572	42-003-11021
	Lockhart #7D	18596	42-003-05237
	Lockhart #8D	18596	42-003-05236
	Lockhart #10	18596	42-003-05233
	Lockhart #11	18596	42-003-05234
	Lockhart #13	18596	42-003-32434
Incline Energy	Humble-Parker #2	18546	42-003-00779
Merit Energy Company	Cascade #1	18533	42-003-00240
	Cascade #2	18533	42-003-00237
	GNSA Cons #5	22681	42-003-00311
	GNSA Cons #6	22681	42-003-00321
	GNSA Cons #20	22681	42-003-00326
	GNSA Cons #23W	22681	42-003-84623
	GNSA Cons #24W	22681	42-003-00312
	GNSA Cons #26	22681	42-003-02034
	GNSA Cons #27	22681	42-003-00310
	GNSA Cons #28	22681	42-003-00373
	GNSA Cons #29	22681	42-003-03206
	GNSA Cons #30	22681	42-003-03104

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<u>OPERATOR</u>	<u>WELL NAME</u>	<u>LEASE No.</u>	<u>API No.</u>
Merit Energy Company	GNSA Cons #37	22681	42-003-33111
	GNSA Cons #38	22681	42-003-33117
	GNSA Cons #39	22681	42-003-33521
	GNSA Cons #40H	22681	42-003-36946
	GNSA Cons #41	22681	42-003-37360
	GNSA Cons #42	22681	42-003-37448
	GNSA Cons #43	22681	42-003-37449
	GNSA Cons #44	22681	42-003-37434
	GNSA Cons #45	22681	42-003-37457
	GNSA Cons #46	22681	42-003-37458
OK Arena Operating Company	Parker #1	18577	42-003-03190
	Parker #2	18577	42-003-03191
	Parker #3	18577	42-003-03192
	University 18 #1	27312	42-003-33163
	University 18 #2	27312	42-003-33377
	University 18 #3	27312	42-003-33329
	University 18 #4	27312	42-003-33376
Pennant Dev and Prod LLC	University AB #1	29267	42-003-04098
	University AB #2	29267	42-003-04108
	University AB #3	29267	42-003-04097
	University AB #4	29267	42-003-04107
Sandridge Expl and Prod LLC	Phillips University P #1	21809	42-003-04686
	Phillips University P #2	21809	42-003-33858
Schlachter Operating Corporation	Cascade B #3	27252	42-003-33016
Sheridan Production Company	Argo #1	18602	42-003-07637
	Argo #2	18602	42-003-07643
	Martin, Nellie C #3-U	18604	42-003-06407
	Martin, Nellie C #4	18604	42-003-06408
	Martin, Nellie C #5W	18604	42-003-06409
	Martin, Nellie C #6	18604	42-003-30070
	Martin, Nellie C #24U	18604	42-003-36650
Simata Energy	Parker, J E -B- #1	18586	42-003-03391
	Parker, J E -B- #2	18586	42-003-03225

ATTACHMENT A

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<u>OPERATOR</u>	<u>WELL NAME</u>	<u>LEASE No.</u>	<u>API No.</u>
Spindletop Oil & Gas Company	Lockhart & Brown #1	18545	42-003-00776
	Wheeler #1	18547	42-003-00748
Stout Energy Inc	Halliday, H J #2	18555	42-003-00010
Triag Energy Operating Inc	Cascade -C- #1-U	18544	42-003-00242