

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

**OIL AND GAS DOCKET  
NO. 02-0254476**

**IN THE KAWITT (EDWARDS) FIELD,  
DEWITT AND KARNES COUNTIES,  
TEXAS**

**FINAL ORDER  
AMENDING THE FIELD RULES  
FOR THE KAWITT (EDWARDS) FIELD,  
DEWITT AND KARNES COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 20, 2007, 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; 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 Rules 2 and 3 of the field rules adopted in Final Order No. 2-46,822, effective July 12, 1961, as amended, for the Kawitt (Edwards) Field, DeWitt and Karnes Counties, Texas, are amended as hereafter set out:

**RULE 2:**

(a) No vertical well for gas shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line or subdivision line and no vertical 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.

(b) No horizontal drainhole well for gas shall hereafter be drilled such that the penetration point or terminus of a horizontal drainhole is nearer than ONE HUNDRED (100) feet to any property line, lease line or subdivision line.

(c) For each horizontal drainhole well, the perpendicular distance from any point on such horizontal drainhole between the penetration point and the terminus, to any point on any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet. No point on a horizontal drainhole within the correlative interval shall be closer than SIX HUNDRED SIXTY (660) feet to such point on another horizontal well on the same lease, provided that this restriction on spacing between wells

shall not apply to horizontal drainhole wells that are parallel or subparallel and do not overlap more than FIVE HUNDRED (500) feet.

(d) For purposes of Statewide Rule 37, there shall be no requirement for between well spacing of horizontal and vertical wells.

(e) 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 gas well for the purpose of allocating allowable gas 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; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of SEVEN HUNDRED FOUR (704) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of NINE THOUSAND (9,000) feet removed from each other. Each proration unit containing less than SIX HUNDRED FORTY (640) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

An operator, at his 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. The two farthestmost points of a TWENTY (20) acre fractional proration unit shall not be greater than TWO THOUSAND ONE HUNDRED (2,100) feet removed from each other.

Notwithstanding the above, the acreage assigned to an gas well which has been drilled as a horizontal drainhole may contain more than SIX HUNDRED FORTY (640) acres providing that the following formula is utilized to determine the proper assignment of acreage:

$$A = (L \times 0.32829) + 640 \text{ acres}$$

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;

L = the horizontal drainhole distance measured in feet between the point at which the drainhole penetrates the top of the Edwards and the horizontal drainhole end point within the Edwards.

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

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

A horizontal well may be developed with more than one horizontal drainhole from a single wellbore. A horizontal drainhole well developed with more than one horizontal drainhole shall be treated as a single well. The horizontal drainhole displacement (L) used for determining the proration unit assignable acreage (A) for a well with multiple horizontal drainholes shall be the longest horizontal drainhole length plus the perpendicular projection on a line that extends in a 180 degree direction from the longest drainhole, or any other horizontal drainhole drilled in a direction greater than 90 degrees from the longest horizontal drainhole.

An operator may present evidence to substantiate a drainage area of up to twice the size determined by the formula as set out above in this rule. After review of this evidence, the Commission may grant an exception and provide for larger proration units than determined by the formula if necessary to prevent waste or protect correlative rights. The application may be filed before a well is drilled and based upon evidence of interference problems between nearby wells. The acreage assignable to a Horizontal Drainhole well must reasonably be anticipated to be drained by the Horizontal Drainhole well. The exception may be granted by the Director of the Oil & Gas Division or his delegate. If the Director or his delegate does not recommend approval, the applicant shall have the right to a hearing upon request. After the hearing, the Examiner shall recommend a final action by the Commission.

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.

Done this 28<sup>th</sup> day of January, 2008.

**RAILROAD COMMISSION OF TEXAS**  
**(Order approved and signatures affixed by**  
**OGC Unprotested Master Order dated**  
**January 28, 2008)**