

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

**OIL AND GAS DOCKET
NO. 03-0265190**

**IN THE RACCOON BEND (UWX CONS.
FBC) FIELD, AUSTIN COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF SANDALWOOD EXPLORATION, LP
FOR A NEW FIELD DESIGNATION AND ADOPTING FIELD RULES FOR THE
RACCOON BEND (UWX CONS. FBC) FIELD
AUSTIN COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on May 11, 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; 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 application of Sandalwood Exploration, LP for a new field designation for its Raccoon Bend UWX Oil Unit No.4, Well No. 1, is hereby approved. The new field shall be known as the Raccoon Bend (UWX Cons. FBC) Field (RRC Field No. 74106 849), Austin County, Texas.

It is further **ORDERED** that the following Field Rules are hereby adopted for the Raccoon Bend (UWX Cons. FBC) Field, Austin County, Texas:

RULE 1: The entire combined correlative interval from 6,302 feet (TVD) as shown on the gamma ray log of the Sandalwood Exploration, LP - Raccoon Bend UWX Oil Unit No.4, Well No. 1 (API No. 42-015-30991), to 7,355 feet (TVD) as

shown on the gamma ray log of the Sandalwood Exploration, LP - Raccoon Bend Oil Unit No. 27, Well No. 1 (API No. 42-015-30952), W. C. White Survey, A-101, Austin County, Texas, shall be designated as the Raccoon Bend (UWX Cons. FBC) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than TWO HUNDRED (200) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than FOUR HUNDRED (400) 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. The standard drilling unit shall remain 40 acres.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The maximum daily oil allowable for each well in the subject field shall be the discovery allowable of 200 barrels of oil per day, until expiration of this discovery allowable. At that time, the 1965 yardstick allowable shall be assigned. 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 by the Railroad Commission of Texas that the most efficient rate of production at the current time for the Sandalwood Exploration, L.P. - Raccoon Bend UWX Oil Unit No.4, Well No. 1 (API No. 42-015-30991) in the Raccoon Bend (UWX Cons. FBC) Field, Austin County, Texas is established at 325 BOPD. It is further ordered that all overproduction

for the subject lease is hereby canceled.

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)**