

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

**OIL AND GAS DOCKET  
NO. 04-0273694**

**IN THE AGUA DULCE  
(CONSOLIDATED FRIO) FIELD,  
NUECES COUNTY, TEXAS**

**FINAL ORDER  
AMENDING THE FIELD RULES  
FOR THE AGUA DULCE (CONSOLIDATED FRIO) FIELD  
NUECES COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on January 25, 2012, 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 field rules adopted in Final Order No. 04-0204176A, effective March 28, 1994, as amended, for the Agua Dulce (Consolidated Frio) Field, Nueces County, Texas, are hereby amended as follow:

**RULE 1:** The entire correlative interval from 4,090 to 6,800 feet as shown on the type log of the Pennzoil - Driscoll Well No. A-7, Nueces County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Agua Dulce (Consolidated Frio) Field.

**RULE 2:** No oil or gas well shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line or subdivision line and 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. The Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission determines 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 or gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be

FORTY (40) acres.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres. There is no maximum diagonal limitation in this field.

For the determination of acreage credit in this field, operators shall file for each oil or gas well in this field a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units. 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.

Operators shall be required to file, along with the Form P-15, a plat of the lease, unit or property; provided that such plat shall not be required to show individual proration units. Notwithstanding the above, operators shall be required to file an as-drilled plat showing the path, penetration point and terminus of all drainholes in horizontal wells.

**RULE 4a:** The subject field shall be classified as associated prorated. 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, 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.

**RULE 4b:** The daily allowable production of gas from individual wells completed in the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the following manner:

FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

NINETY-FIVE percent (95%) of the field's total allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission, bears to the summation of the deliverability of all prorable wells producing from the field.

It is further ordered that the allocation formula in the Agua Dulce (Consolidated Frio) Field remain suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Agua Dulce (Consolidated Frio) Field drops below 100% of deliverability.

Done this 20<sup>th</sup> day of March, 2012.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated March  
20, 2012)**