

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

**OIL AND GAS DOCKET
NO. 08-0249609**

**IN THE UNIVERSITY BLOCK 9
(DEVONIAN) FIELD, ANDREWS
COUNTY, TEXAS**

**FINAL ORDER
AMENDING FIELD THE RULES AS ADOPTED
IN ORDER NO. 8-31,288 ISSUED EFFECTIVE APRIL 11, 1955, AS AMENDED,
FOR THE UNIVERSITY BLOCK 9 (DEVONIAN) FIELD
ANDREWS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 22, 2006, 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 Special Field Rules as adopted in Order No. 8-31,288, issued effective April 11, 1955, as amended, for the University Block 9 (Devonian) Field, Andrews County, Texas be and are amended as hereafter set out.

RULE 1: The entire combined correlative interval from 10,224' to 11,770' as shown on the Compensated Sonic Gamma Ray Caliper log of the Exxon Company, U.S.A., St. University CF Lease Well No. 1, Sect. 22, Blk 9, University Survey, Andrews County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the University Block 9 (Devonian) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than ONE HUNDRED (100) feet to any property line, lease line or subdivision line and there shall be no minimum distance for between well spacing. 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 production thereto 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; provided that 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. 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. Each proration unit containing less than FORTY (40) 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. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling units of TEN (10) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a TEN (20) acre fractional proration unit shall not be greater than FIFTEEN HUNDRED (1500) feet removed from each other.

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 individual well in the subject field shall be based on a top allowable of 520 BOPD day and the allowable determined by the sum total of the following two values:

SEVENTY-FIVE percent (75%) of the total field allowable shall be allocated among the individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of the acreage with respect to all prorable wells producing from this field.

FIVE percent (5%) of the total field allowable shall be allocated among the individual wells

in the proportion to the number of wells in the subject field.

It is further ordered that any overproduction is hereby cancelled.

Done this 23rd day of January, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by OGC
Unprotested Master Order dated January 23,
2007)**