RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0288699

IN THE MT. VERNON (TRAVIS PEAK) FIELD, FRANKLIN COUNTY, TEXAS

ORDER NUNC PRO TUNC

AMENDING FIELD RULES FOR THE MT. VERNON (TRAVIS PEAK) FIELD, FRANKLIN COUNTY, TEXAS

In conference at its office in Austin, Texas, the Railroad Commission of Texas took up for consideration its Final Order entered on August 12, 2014, the matter adopting field rules for the Mt. Vernon (Travis Peak) Field, Franklin County, Texas. The Commission finds that the Final Order entered August 12, 2014, Rule 2, incorrectly stated the lease line spacing as SIX HUNDRED SIXTY (660) feet, when it should have been FOUR HUNDRED SIXTY-SEVEN (467) feet per the applicant's request and the examiner's recommendation.

Accordingly, it is **ORDERED** that the Final Order in Docket No. 06-0288699 be, and the same is hereby, amended *nunc pro tunc* to correct the lease line spacing distance in Rule 2 to be FOUR HUNDRED SIXTY-SEVEN (467) feet. The field rules for the Mt. Vernon (Travis Peak) Field, Franklin County, Texas, are hereby amended and set out in their entirety as follows:

RULE 1: The entire correlative interval from 7,110 feet to 7,174 feet as shown on the Schlumberger Profile Express log of the Stewart-Brody et al well no. 1 (API No. 159-30592), in Franklin County, Texas shall be designated as a single reservoir for proration purposes and be designated as the Mt. Vernon (Travis Peak) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line, and no 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. 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 in the field. 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 for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard drilling and proration units for an oil well are established hereby to be EIGHTY (80) acres. No oil proration unit shall consist of more than EIGHTY (80) acres except as hereinafter provided. 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 EIGHTY (80) 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. Each oil proration unit containing less than EIGHTY (80) acres shall be a fractional proration unit. All oil 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.

An operator, at his option, shall be permitted to form optional drilling units of FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

For the determination of acreage credit in this field, operators shall file for each 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. The Form P-15 will be accompanied by a certified plat of the lease or pooled unit. Notwithstanding the above, operators are not required to submit proration unit plats.

RULE 4: The maximum daily oil allowable for each well in the subject field shall be the 1965 yardstick allowable, and 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 the top allowabel establlished for a well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by SEVENTY-FIVE (75) percent and by thenmultiplying this value by a fraction, the numerator of which is the acreage assigned to the well and the denominator of which is the maximum acreage authorized for a proration unit exclusive of tolerance acreage.

b. Each well shall be assigned an allowable equal to its potential based on the most recent well test filed with the Commission multiplied by TWENTY-FIVE (25) percent, provided that this value shall not exceed the top allowable multiplied by TWENTY-FIVE (25) percent.

Done this 16th day of September, 2014.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by Hearings Division Unprotested Master Order dated September 16, 2014)