

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 03-0295875**

**IN THE W.D. MCMILLAN (YEGUA
9650) FIELD, WHARTON COUNTY,
TEXAS**

**FINAL ORDER
ADOPTING PERMANENT FIELD RULES
FOR THE W.D.MCMILLAN (YEGUA 9650) FIELD
WHARTON COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on April 23, 2015, the presiding examiners have 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 examiners' 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 following field rules shall be adopted for the W.D. McMillan (Yegua 9650) Field, Wharton County, Texas and set out in their entirety as follows:

RULE 1: The entire correlative interval from 9,500 feet to 9,595 feet as shown on the well log of the Forest Oil Corporation's Dorothy Hite Gas Unit #5 Well, (API No. 42-481-35209), R Kuykendall Survey, A-39, Wharton County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the W.D. McMillan (Yegua 9650) 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 oil or gas well shall be drilled nearer than ONE THOUSAND TWO HUNDRED (1,200) 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.

RULE 3A: 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 are established hereby to be EIGHTY (80) acres. Each proration unit containing less than EIGHTY (80) acres shall be a fractional proration unit. Provided however that, in the case of a long and narrow lease or in cases where because of the shape of the lease such is necessary to permit the utilization of tolerance acreage, the Commission may after proper showing grant exceptions to limitation as to the shape of proration units as herein contained. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil or gas. No double assignment of acreage will be accepted.

If after the drilling of the last oil 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 FORTY (40) 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.

RULE 3B: The acreage assigned to an individual gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) 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 EIGHTY EIGHT (88) acres may be assigned. Each proration unit containing less than EIGHTY (80) 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 allowed.

For the determination of acreage credit in this field, operators shall file for each oil or gas well in this field the applicable forms authorized or allowed by the Commission (Form P-15 Statement of Productivity of Acreage Assigned to Proration Units, or P-16 Data Sheet). Operators shall list the number of acres that are being assigned to each well on the lease or unit for proration purposes and file a plat identifying the acreage for the lease, pooled unit or property on which the well is located, provided that such plat shall not be required to show individual proration units. Operators may, however, file such proration unit plats for individual wells in the field if they so choose.

RULE 4A: The maximum daily oil allowable for a well in the subject field shall be determined by the 1965 Yardstick Allowable and the actual allowable for an individual well shall be based on the 100% acreage allocation formula.

RULE 4B: The daily allowable production of gas from individual wells 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 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.

Done this 25th day of August 2015.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotected Master
Order dated August 25, 2015)**