

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 7B-0298934**

**IN THE GUEST (CANYON SAND)  
FIELD, STONEWALL COUNTY, TEXAS**

**FINAL ORDER  
CONSOLIDATING THE FRANKIRK, EAST (CANYON SD) FIELD INTO THE GUEST  
(CANYON SAND) FIELD AND TO AMEND THE PERMANENT FIELD RULES FOR  
THE GUEST (CANYON SAND) FIELD, STONEWALL COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on January 28, 2016 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 Frankirk, East (Canyon SD) Field, ID No. 32654332, located in Stonewall County, Texas is hereby consolidated into the Guest (Canyon sand) Field, ID. No. 37328333.

Wells in the subject field shall be transferred into the Guest (Canyon Sand) Field without requiring new drilling permits and plats.

It is further it is **ORDERED** that the following field rules adopted in Final Order 7B-0266127, effective August 24, 2010, for the Guest (Canyon Sand) Field, Stonewall County, Texas are amended as hereafter set out:

**RULE 1:** The entire correlative interval from 4,192 feet to 5,151 feet as shown on the log of the I. S. McMillin Ac. 5 Lease Well No. 1, (API No. 433 01731), P. O. Forbus Survey, A-1664, Stonewall County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Guest (Canyon Sand) Field.

**RULE 2:** No well for oil or gas shall hereafter be drilled nearer than **THREE HUNDRED THIRTY (330)** feet to any property line, lease line, or subdivision line. There is no minimum between-well spacing limitation. 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 oil 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 except as hereinafter provided. All 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.

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 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.

An operator, at his option, shall be permitted to form optional drilling and fractional proration units of TWENTY (20) acres, with a proportional acreage allowable credit for a well on fractional proration units. There is no maximum diagonal limitation.

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. For oil and gas wells, 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. Although not required, an operator may file proration plats for individual wells if they so desire.

**RULE 4:** The maximum daily oil allowable for each well in the subject field shall be 93 barrels of oil per day, 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 allowable established for a well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by SEVENTY FIVE (75)% and by then multiplying 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 TWENTY FIVE (25)% of the maximum daily oil allowable above.

Done this 12<sup>th</sup> day of September 2016

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures  
affixed by OGC Unprotested Master  
Order dated September 12, 2016)**