

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

NOTICE TO OPERATORS

**SWR 31(c)(1) -Diagonal Exceptions
Clarification of Criteria Used in Approving Diagonal Exceptions**

The Railroad Commission of Texas has a fundamental responsibility to prevent waste and protect correlative rights. For diagonal spacing, three criteria are used:

- 1) Distance to the nearest lease line,
- 2) Distance between wells, and
- 3) Distance to the farthest point on a proration unit.

These criteria work together to ensure that a well is placed within reasonable proximity to the center of a proration unit. Diagonal Exceptions Request is administratively approved on a case-by-case basis. Wells placed near the center of a proration unit on reasonably productive acreage that cannot be reconfigured (in a manner that does not require a diagonal exception) will require limited review and will be able to be processed without delays.

Wells that do not follow this guideline will require a closer review, possibly additional data, and may be administratively denied.

An operator that is administratively denied for a diagonal exception may request a hearing.

If you have any questions regarding Diagonal Exception request please contact Steve Gault at 512-463-9102.

Austin, Texas

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PLEASE FORWARD TO THE APPROPRIATE SECTION OF YOUR COMPANY