

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

**OIL AND GAS DOCKETS  
NO. 02-0251770 & 02-0251771**

**IN VARIOUS HEARD RANCH FIELDS  
BEE COUNTY, TEXAS**

**FINAL ORDER  
ADOPTING FIELD RULES FOR VARIOUS HEARD RANCH FIELDS  
BEE COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 7, 2007, 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.

It is ordered that the Special Field Rules for the Heard Ranch (4300), Heard Ranch (Frio V), Heard Ranch (Frio Z), Heard Ranch (2900) and Heard Ranch (4000) Fields are hereby rescinded and further, Special Field Rules for the all fields as listed on Attachment "A" are adopted as hereafter set out.

**RULE 1:** The entire correlative interval for each field shall be designated as shown on Attachment "A" and shown by the appropriate well log as shown on Attachment "A" and shall be designated as a single reservoir for proration purposes and the intervals are indicated for each field proper as shown on Attachment "A" of this order.

**RULE 2:** No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED AND SIXTY-SEVEN (467) feet to any property line, lease line or subdivision line and there shall be no between well spacing requirement. 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 3a:** The acreage assigned to the individual gas well for the purpose of allocating allowable gas 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, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of FORTY-FOUR (44) acres may be assigned. No proration unit plats required.

**RULE 3b:** 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. No proration unit plats required.

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.

**RULE 4a:** The daily allowable production of gas from individual wells completed in said gas fields shall be determined by allocating the allowable, after deductions have been made for gas wells which are incapable of producing their allowables, among the individual wells in the proportion that the product of the acreage assigned such well for proration purposes multiplied by the well's deliverability, as shown by Form G-10, assigned such well for proration purposes bears to the summation of the products so determined for all prorable wells producing from the gas field.

**RULE 4b:** The daily oil allowable for each individual well shall not be allowable restricted or casinghead gas limited as the field is classified as salvage

Further, it is ordered by the Railroad Commission of Texas that the allocation formula in each field shall remain suspended pursuant to Statewide Rule 31(j).

**FURTHER,** it is ordered by the Railroad Commission of Texas that wells that are or will be completed or re-completed in the various Heard Ranch Fields as listed in Attachment "A" are granted blanket Rule 10 exceptions. However, wells completed in the fields listed pursuant to Oil & Gas Docket No. 02-0251170 may be downhole commingled with wells completed in fields listed pursuant to Oil & Gas Docket No. 02-0251171 only after proper notice to all affected parties and opportunity to protest.

For wells which are commingled in the subject fields after the effective date of this order, commingled production shall be assigned to the field in which the operator chooses for proration purposes. Wells on the lease which have existing commingling authority for the subject fields will remain assigned to the field in which they are currently assigned.

Further, acreage assigned to wells on these leases/units for allocation of allowable shall not be assigned to any other well or wells projected to or completed in the that field; such duplicate assignment of acreage is not acceptable, provided however, that this limitation shall not prevent the reformation of development or proration units so long as no duplicate assignment of acreage occurs, and further, that such reformation does not violate other conservation regulations.

For any well downhole commingled in the fields as listed in Attachment "A", the operator of the well shall file the appropriate completion forms and/or other forms (abbreviated downhole commingling data sheet) as required by the Commission and shall file at the same time the appropriate Commission required administrative Rule 10 exception downhole commingling fee.

Done this the 26th day of June, 2007.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by OGC  
Unprotested Master Order dated June 26, 2007)**

**ATTACHMENT "A"****OIL AND GAS DOCKET NO. 02-0251770**

FIELD NAME	FIELD NUMBER	INTERVAL (ft)
Heard Ranch (Frio V)	40032066	3230 - 3390
Heard Ranch (Frio Z)	40032132	4677 - 4938
Heard Ranch (2900)	40032264	2936 - 2980 see 1
Heard Ranch (4000)	40032660	3862 - 3905 see 1

**OIL AND GAS DOCKET NO. 02-0251771**

FIELD NAME	FIELD NUMBER	INTERVAL (ft)
Heard Ranch (3170)	40032310	3168 - 3206 see 2
Heard Ranch (3300)	40032330	3208 - 3225
Heard Ranch (3500)	40032396	3470 - 3550
Heard Ranch (3550)	40032399	3534 - 3543 see 3
Heard Ranch (3650)	40032462	3660 - 3680 see 4
Heard Ranch (3700)	40032528	3568 - 3598
Heard Ranch (3860)	40032545	3857 - 3865 see 3
Heard Ranch (3875)	40032547	3882 - 3875 see 5
Heard Ranch (3890)	40032550	3890 - 3902 see 3
Heard Ranch (3900)	40032594	3772 - 3790
Heard Ranch (4050)	40032675	4040 - 4058 see 6
Heard Ranch (4150)	40032700	4140 - 4120 see 7
Heard Ranch (4200)	40032726	4178 - 4190
Heard Ranch (4225)	40032740	4220 - 4232 see 6
Heard Ranch (4300)	40032792	4269 - 4297 see 8
Heard Ranch (4330)	40032795	4328 - 4330 see 6
Heard Ranch (4400)	40032858	4290 - 4320
Heard Ranch (4500)	40032875	4503 - 4518 see 9
Heard Ranch (4600)	40032890	4597 - 4603 see 3
Heard Ranch (4750)	40032920	4750 - 4756 see 10
Heard Ranch (4800)	40032924	4540 - 4560

Petrohawk Operating, C.E. Heard "B" #19 (all wells without footnote)

- 1 Pan American, C.E. Heard #8-8
- 2 Amoco Production, C.E. Heard "B" # 17
- 3 UTX Exploration, K.D. Roche B #2
- 4 Pan American, C.E. Heard "B" #5
- 5 Hewit & Daughy, K.D. Roche B # 8
- 6 UTX Exploration, K.D. Roche B #4
- 7 Hewit & Daughy, K.D. Roche B # 6
- 8 Humble Oil & Refining, Laura D. Thompson B #3
- 9 UTX Exploration, K.D. Roche B #1
- 10 UTX Exploration, K.D. Roche C #1