

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

**OIL AND GAS DOCKET
NO. 06-0253746**

**IN THE CARTHAGE (COTTON VALLEY)
AND JOAQUIN (TRAVIS PEAK) FIELDS,
SHELBY COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION
OF KCS RESOURCES, INC.
FOR RULE 10 EXCEPTION
IN THE CARTHAGE (COTTON VALLEY) AND
JOAQUIN (TRAVIS PEAK) FIELDS
SHELBY COUNTY**

The Commission finds that after statutory notice in the above-numbered docket heard on October 31, 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.

THEREFORE it is **ORDERED** by the Railroad Commission of Texas that the application of KCS Resources, Inc. for exceptions to Statewide Rule 10 for all wells in the Carthage (Cotton Valley) and Joaquin (Travis Peak) Fields, Shelby County, Texas is hereby approved. For wells which are commingled in the subject fields after the effective date of this order, commingled production shall be assigned to the Carthage (Cotton Valley) Field for proration purposes, as long as the allocation formula is suspended in the both fields. If the status of either of these fields changes it may be necessary to reassign commingled production to a prorated field.

Further, acreage assigned to wells on these leases for allocation of allowable shall not be assigned to any other well or wells projected to or completed in the Carthage (Cotton Valley) or Joaquin (Travis Peak) Fields; 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.

The operator of any well downhole commingled in the Carthage (Cotton Valley) and Joaquin (Travis Peak) Fields shall file the appropriate completion forms and/or other forms 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 20th day of November, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
November 20, 2007)**