

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

**OIL AND GAS DOCKET
NO. 06-0236681**

**IN THE STAMPS (COTTON VALLEY)
AND STAMPS (TRAVIS PEAK) FIELDS,
UPSHUR COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF
STROUD PETROLEUM, INC.,
FOR NEW FIELD DESIGNATION OF STAMPS (COTTON VALLEY) FIELD;
OPERATING RULES FOR THE STAMPS (COTTON VALLEY) AND
STAMPS (TRAVIS PEAK) FIELDS;
A RULE 10 EXCEPTION
FOR ITS THORNE LEASE WELL NO. 1
STAMPS (COTTON VALLEY) AND (TRAVIS PEAK) FIELDS;
AND SUSPENSION OF THE ALLOCATION FORMULA
STAMPS (COTTON VALLEY) FIELD
UPSHUR COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 6, 2003, 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 Stroud Petroleum, Inc., for a New Field Designation to be known as the Stamps (Cotton Valley) Field (No. 85519 100), Upshur County, Texas, be and it is hereby approved.

It is further **ORDERED** by the Railroad Commission of Texas that the following field rules be and are hereby adopted for the Stamps (Cotton Valley) Field and Stamps (Travis Peak) Field.

RULE 1:

- a. The entire correlative interval from 9765 feet (MD) to 11,020 (MD) feet as shown on the dual induction log of the Stroud Petroleum, Inc., Thorne Lease, Well No. 1, API No. 459-31137, Sarah Powell Survey, Upshur County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Stamps (Cotton Valley) Field.
- b. The entire correlative interval from 7990 feet (MD) to 9765 feet (MD) as shown on the dual induction log of the Stroud Petroleum, Inc., Thorne Lease, Well No. 1, API No.

459-31137, Sarah Powell Survey, Upshur County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Stamps (Travis Peak) Field.

RULE 2: The daily allowable production of gas from individual wells completed in a gas reservoir of the subject fields 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 following manner:

FIVE percent (5%) of the total field allowable shall be allocated equally among the individual proratable wells in each field.

NINETY-FIVE percent (95%) of the total allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission bears to the summation of the deliverability of all proratable wells producing from each field.

It is further **ORDERED** that the application of Stroud Petroleum, Inc., for exception to Statewide Rule 10 for its Thorne Lease Well No.1 in the Stamps (Cotton Valley) Field and the Stamps (Travis Peak) Field, Upshur County, Texas, be and it is hereby approved. Such commingled production as is produced from the Thorne Lease Well No. 1 shall be assigned to the Stamps (Cotton Valley) Field for proration purposes.

Further, acreage assigned to the Thorne Lease Well No. 1 for allocation of allowable shall not be assigned to any other well or wells projected to or completed in the Stamps (Cotton Valley) Field and the Stamps (Travis Peak) 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.

It is further **ORDERED** by the Railroad Commission of Texas that the application of Stroud Petroleum, Inc., for suspension of the allocation formula in the Stamps (Cotton Valley) Field be and is hereby approved. The allocation formula may be reinstated administratively if the market demand for gas in the Stamps (Cotton Valley) Field drops below 100% of deliverability.

Done this twenty-fifth day of November, 2003.

**RAILROAD COMMISSION OF TEXAS
(Order approved and signatures affixed by
OGC Unprotested Master Order dated
November 25, 2003.)**