

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

**OIL AND GAS DOCKET
NO. 03-0265342**

**FINAL ORDER
CONSOLIDATING VARIOUS WILLIAM HANKERSON FIELDS
INTO A NEW FIELD CALLED
THE SHEPHERD (WX CONS.) FIELD AND
ADOPTING FIELD RULES FOR THE
SHEPHERD (WX CONS.) FIELD
SAN JACINTO COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on April 30, 2010, 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 following fields:

William Hankerson (Wilcox 9500) Field	97538 480
William Hankerson (Wilcox 10000) Field	97538 466
William Hankerson (Wilcox 10200) Field	97538 468
William Hankerson (Wilcox 10400) Field	97538 470
William Hankerson (Wilcox 10900) Field	97538 475

located in San Jacinto County, Texas, are hereby combined into a new field called the Shepherd (WX Cons) Field (No. 83047 400):

It is further ordered that the following rules are adopted for the Shepherd (WX Cons) Field:

RULE 1: The entire stratigraphic correlative interval from 9,272 feet on the Schlumberger Array Induction, Comp. Neutron Triple Detector Density Log, of Famcor Oil, Inc. Ogletree No. 1, API No. 407-30400, San Jacinto County, Texas to the stratigraphic correlative marker seen at 11,925 feet, as shown on the Array Induction, Comp. Neutron Triple Litho-Density Log, of Famcor Oil, Inc., Allar No. 1, API No. 407-30612, San Jacinto County, Texas shall be designated as a single reservoir for proration purposes and be designated as the Shepherd (WX Cons) Field.

RULE 2: No oil or gas well shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line and there is no between-well spacing limitation for wells in this field. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well. The Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission determines 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. The standard drilling unit shall remain forty (40) acres per well.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

There is no maximum diagonal limitation in this field and operators are not required to file Form P-15 and plats, except an as-drilled plat showing the path, penetration point and terminus of all drainholes in horizontal wells.

RULE 3: The daily allowable production of gas from individual wells completed in the subject field 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 field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

NINETY-FIVE percent (95%) of the field's 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 the field.

It is further ordered that the allocation formula in the Shepherd (WX Cons) Field will be suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Shepherd (WX Cons) Field drops below 100% of deliverability. .

Done this 18th day of May, 2010.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated May 18,
2010)**