

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

**OIL AND GAS DOCKET
NO. 06-0247322**

**IN THE HUXLEY (6100) FIELD, SHELBY
COUNTY, TEXAS**

**FINAL ORDER
CONSOLIDATING THE DUNCAN CEMETARY (JAMES LIME) FIELD
INTO THE HUXLEY (6100) FIELD
AMENDING FIELD RULES FOR THE HUXLEY (6100) FIELD
SHELBY COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 21, 2006, 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 Duncan Cemetary (James Lime) Field is hereby consolidated into the Huxley (6100) Field, Shelby County, Texas.

It is further ordered that field rules adopted in Final Order No. 06-0226235, effective October 25, 2000, for the Huxley (6100) Field, Shelby County, are amended and renumbered as hereafter set out.

RULE 1: The entire correlative interval between 6,054 feet and 6,302 feet, as shown on the log of the Sabine Brett No. 1H, API No. 419-30725, T. B. Choate Survey, A-112, Shelby County, shall be designated as a single reservoir for proration purposes and be designated as the Huxley (6100) Field.

RULE 2:

- (a) No well for oil or gas shall hereafter be drilled closer than 933' to any other well, completed or drilling in the same field on the same lease, pooled unit, or unitized tract; provided, however, that no between-well spacing restriction shall apply (1) between a horizontal drainhole well and any previously existing vertical well, (2) between the drainholes of two horizontal drainhole wells within the first 100' or the last 100' of either horizontal drainhole well, or

- (3) between horizontal drainhole wells that are parallel or subparallel (within 45 degrees of parallel) and do not overlap more than 100'. A horizontal drainhole well may be developed with multiple drainholes and these multiple drainholes shall not be subject to minimum between-well spacing restrictions.
- (b) No well shall be drilled nearer than 467' to any property line, lease line, or subdivision line; provided, however, that the minimum well-spacing for horizontal drainhole wells with a horizontal displacement of greater than 800' shall be governed by the following provisions:
- (1) No horizontal drainhole well shall hereafter be drilled such that the penetration point or terminus of the horizontal drainhole within the designated field interval is nearer than 100' to any property line, lease line, or subdivision line.
 - (2) For each horizontal drainhole the distance measured perpendicular to a horizontal drainhole from any point on such horizontal drainhole to any point on any property line, lease line, or subdivision line shall be a minimum of 467'.
- (c) The aforementioned distances are minimum distances to allow an operator flexibility in locating a well. This rule and other field rules that follow are for the purpose of permitting only one well to each drilling unit. The Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission determines such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application shall be filed and will be acted upon in accordance with the provisions of Statewide Rules 37 and 38, which applicable provisions of said rules are incorporated herein by reference.

RULE 3: 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 SIX HUNDRED FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED FORTY (640) 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 SEVEN HUNDRED FOUR (704) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of NINE THOUSAND (9,000) feet removed from each other. Each proration unit containing less than SIX HUNDRED FORTY (640) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling units of ONE HUNDRED SIXTY (160) acres. A proportional acreage allowable credit will be given for

a well on a fractional proration unit. The two farthestmost points of a ONE HUNDRED SIXTY (160) acre fractional proration unit shall not be greater than SIX THOUSAND FIVE HUNDRED (6,500) feet removed from each other.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

RULE 4: The daily allowable production of gas from individual wells completed in a non-associated gas reservoir of 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 total field allowable shall be allocated among the individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of the acreage with respect to all proratable wells producing from this field.

NINETY FIVE percent (95%) of the total field 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 this field.

The allocation formula for the field shall remain suspended. The allocation formula may be reinstated administratively, in accordance with Commission rules, if the market demand for gas in the Huxley (6100) Field drops below 100% of deliverability.

Done this 8th day of August, 2006.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated August
8, 2006)**