

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
OIL AND GAS SECTION**

OIL AND GAS DOCKET

**IN THE APPLEBY, N. (ROD-TP CONS)
FIELD, NACOGDOCHES AND RUSK
COUNTIES, TEXAS**

NO. 06-0260837

**FINAL ORDER
CONSOLIDATING APPLEBY, N. (PETTIT), APPLEBY, N. (RODESSA),
APPLEBY, N. (RODESSA, UPPER) AND
APPLEBY, N. (TRAVIS PEAK) FIELDS INTO A
NEW FIELD CALLED THE APPLEBY, N. (ROD-TP CONS) FIELD AND
ADOPTING FIELD RULES FOR THE
APPLEBY, N. (ROD-TP CONS) FIELD
NACOGDOCHES AND RUSK COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on February 24, 2009, 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 Appleby, N. (Pettit) (No. 03311 500), Appleby, N. (Rodessa) (No. 03311 550), Appleby, N. (Rodessa, Upper) (No. 03311 575) and Appleby, N. (Travis Peak) (No. 03311 600) Fields located in Nacogdoches and Rusk Counties, Texas, are hereby combined into a new field called the Appleby, N. (Rod-TP Cons) Field (No. 03311 580):

It is further ordered that the following rules are adopted for the Appleby, N. (Rod-TP Cons) Field:

RULE 1: The entire correlative interval from 6,480' to 9,926' as shown on the Dual Induction log of the Cities Service, Deloney "A" Well No. 1, (API 42-347-30507), J.J. Acosta Survey, A-65, Nacogdoches County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Appleby, N. (Rod-TP Cons) Field.

RULE 2: No gas well shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than NINE HUNDRED THIRTY THREE (933) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. 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.

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

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 AND FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED AND 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 AND FOUR (704) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of TEN THOUSAND FIVE HUNDRED SIXTY (10,560) feet removed from each other. Each proration unit containing less than SIX HUNDRED AND 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 FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a FORTY (40) acre fractional proration unit shall not be greater than TWO THOUSAND ONE HUNDRED (2100) feet removed from each other.

For the determination of acreage credit in this field, operators shall file for each well in this field a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units. On that form or an attachment thereto, the operator shall list the number of acres that are being assigned to each well on the lease or unit for proration purposes. When the allocation formula in this field is suspended, operators in this field shall not be required to file plats with the Form P-15. When the allocation formula is in effect in this field, operators shall be required to file, along with the Form P-15, individual proration unit plats showing the acreage assigned to each well. Provided further, that if the acreage assigned to any well 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 subject field shall be classified as associated. 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 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 prorable wells producing from the field.

NINETY-FIVE percent (95%) 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 prorable wells producing from this field.

It is further ordered that the allocation formula in the Appleby, N. (Rod-TP 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 Appleby, N. (Rod-TP Cons) Field drops below 100% of deliverability.

Wells in the subject fields shall be transferred into the Appleby, N. (Rod-TP Cons) Field without requiring new drilling permits.

Done this 14th day of April, 2009.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated April
14, 2009)**