

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

**OIL AND GAS DOCKET
NO. 08-0247387**

**IN THE GOLDSMITH (CLEAR FORK)
FIELD, ECTOR AND ANDREWS
COUNTIES, TEXAS**

**FINAL ORDER
CONSOLIDATING THE GOLDSMITH (5600), GOLDSMITH (TUBB) AND
GOLDSMITH (FIGURE 5 SOUTH TUBB) FIELDS
INTO THE GOLDSMITH (CLEAR FORK) FIELD AND
AMENDING FIELD RULES FOR THE GOLDSMITH (CLEAR FORK) FIELD
ECTOR AND ANDREWS COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on August 23, 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 Goldsmith (5600), Goldsmith (Tubb) and Goldsmith (Figure 5 South Tubb) Fields are hereby consolidated into the Goldsmith (Clear Fork) Field, Andrews and Ector Counties, Texas.

It is further ordered that the field rules for the Goldsmith (Clear Fork) Field are amended as hereafter set out:

RULE 1: The entire correlative interval between 5,040 feet and 7,329 feet, as shown on the log of the C. A. Goldsmith Well No. 952, Section 15, Block 44, T-1-S T&P Survey, Ector County, shall be designated as a single reservoir for proration purposes and be designated as the Goldsmith (Clear Fork) Field.

RULE 2: No well shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line or subdivision line. There is no between-well spacing limitation for wells in this field.

RULE 3:

a. The acreage assigned to the individual oil well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be FORTY (40) acres. No

proration unit shall consist of more than FORTY (40) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of TWO THOUSAND ONE HUNDRED (2,100) feet removed from each other; provided however, that in the case of long and narrow leases or in cases where because of the shape of the lease such is necessary to permit the utilization of tolerance acreage, the Commission may after proper showing grant exceptions to the limitations as to the shape of proration units as herein contained. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil. No double assignment of acreage will be accepted.

If after the drilling of the last well on any lease and the assignment of acreage to each well thereon in accordance with the regulations of the Commission there remains an additional unassigned acreage of less than FORTY (40) acres, then and in such event the remaining unassigned acreage up to and including a total of TWENTY (20) acres may be assigned as tolerance acreage to the last well drilled on such lease or may be distributed among any group of wells located thereon, so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission.

b. 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 FORTY (40) acres. No proration unit shall consist of more than FORTY (40) 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 FORTY FOUR (44) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of TWO THOUSAND ONE HUNDRED (2,100) feet removed from each other. Each proration unit containing less than FORTY (40) 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 TEN (10) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a TEN (10) acre fractional proration unit shall not be greater than ONE THOUSAND ONE HUNDRED (1,100) 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 4a: The maximum daily oil allowable for each well in the subject field shall be 111 barrels of oil per day, and the actual allowable for an individual well shall be determined by the sum total of the two following values:

1. Each well shall be assigned an allowable equal to the top allowable established for a well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by SEVENTY FIVE percent (75%) and by then multiplying this value by that fraction the numerator of which is the acreage assigned to the well and the denominator of which is the maximum acreage authorized for a proration unit exclusive of tolerance acreage.
2. Each well shall be assigned an allowable equal to TWENTY FIVE percent (25%) of the maximum daily oil allowable above.

RULE 4b: 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:

1. SEVENTY FIVE percent (75%) 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.
2. TWENTY FIVE percent (25%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

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

Done this 10th day of October, 2006.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
October 10, 2006)**