

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

**OIL AND GAS DOCKET
NO. 01-0263175**

**IN THE HAWKVILLE (EAGLEFORD
SHALE) FIELD, LA SALLE COUNTY,
TEXAS**

**FINAL ORDER
ADOPTING TEMPORARY RULES AND REGULATIONS
FOR THE HAWKVILLE (EAGLEFORD SHALE) FIELD
LA SALLE COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 4, 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 following rules shall be adopted on a temporary basis for the Hawkville (Eagleford Shale) Field, La Salle County, Texas.

RULE 1: The entire correlative interval from 11,050 feet and 11,290 feet as shown on the log of the Petrohawk Operating's STS Well No. 1, API 42-283-32144, Section 98, H & GN RR Co./Conlan Survey, A-976, La Salle County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Hawkville (Eagleford Shale) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than SIX HUNDRED SIXTY (660) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract, provided that this restriction on spacing between horizontal wells shall not apply to horizontal drainholes that are parallel or subparallel (within 45 degrees of parallel) and do not overlap more than FIVE HUNDRED (500) feet. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well; and the above spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and proration unit. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed, whenever the Commission shall have determined 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. Notwithstanding the above, there shall be no minimum between-well spacing requirement between vertical wells and horizontal drainhole wells on the same lease or pooled unit.

Provided, however, that for purposes of spacing for horizontal wells, the following shall apply:

- a. A take point in a horizontal drainhole well is any point along a horizontal drainhole where oil and/or gas can be produced from the reservoir/field interval. The first take point may be at a different location than the penetration point and the last take point may be at a location different than the terminus point.
- b. The first take point and last take point in a horizontal drainhole well shall not be nearer than ONE HUNDRED (100) feet from the property line, lease line, or subdivision line and the minimum distance measured perpendicular to a horizontal drainhole from any take point on such drainhole to any point on any property line, lease line, or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.
- c. Except for horizontal drainholes that are parallel or subparallel as provided above, all take points in a horizontal drainhole well shall be a minimum distance of SIX HUNDRED SIXTY (660) feet from take points in any existing, permitted, or applied for horizontal drainhole on the same lease, unit or unitized tract.

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 THREE HUNDRED TWENTY (320) acres. No proration unit shall consist of more than THREE HUNDRED TWENTY (320) 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 THREE HUNDRED FIFTY TWO (352) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of EIGHT THOUSAND FIVE HUNDRED (8,500) feet removed from each other. Each proration unit containing less than THREE HUNDRED TWENTY (320) 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.

Notwithstanding the above, the acreage assigned to a gas well which has been drilled as a horizontal drainhole may contain more than THREE HUNDRED TWENTY (320) acres providing that the following formula is utilized to determine the proper assignment of acreage:

$$A = (L \times 0.16249) + 320 \text{ acres}$$

Where: A = calculated area assignable, if available, to a horizontal drainhole for proration purposes rounded up to the next whole number evenly divisible by 40 acres;
L = the horizontal drainhole distance measured in feet between the first take point and the last take point.

The acreage assigned to a horizontal drainhole well shall not exceed 640 acres.

The two farthestmost points in any horizontal drainhole well proration unit shall be determined by the formula:

$$\text{Maximum Diagonal} = 475.933 \sqrt{A}$$

Where A = the acres actually assigned to the proration unit.

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:

NINETY percent (90%) 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 prorable wells producing from this field.

TEN percent (10%) 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 these rules are temporary and effective until May 24, 2011, or until Commission staff evaluates appropriate data after notice and opportunity for hearing as offered by the Commission prior to the expiration of the rules. After this notice and opportunity for hearing, should the evidence evaluated during review be insufficient to sustain spacing or proration unit rules, these temporary rules, on the Commission's own motion, may be modified or terminated.

Done this 24th day of November, 2009.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
November 24, 2009)**