

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

**OIL AND GAS DOCKET  
NO. 06-0252075**

**IN THE BECKVILLE (COTTON VALLEY)  
FIELD, PANOLA AND RUSK COUNTIES,  
TEXAS**

**FINAL ORDER  
ADOPTING FIELD RULES FOR THE  
BECKVILLE (COTTON VALLEY) FIELD  
PANOLA AND RUSK COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 11, 2007, 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.

It is therefore ordered that the following field rules shall be adopted for the Beckville (Cotton Valley) Field, Rusk and Panola Counties, Texas:

**RULE 1:** The entire correlative interval from 8,850 feet to 10,300 feet as shown on the log of the Ben Brooks No. 1-D Well (API No. 42-365-35875), C. S. Scruggs Survey, A-614, Panola County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Beckville (Cotton Valley) Field.

**RULE 2:** No gas well 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. There is no minimum required distance between a vertical well and a horizontal lateral well on the same lease. 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 therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rule 37 and 38, which applicable provisions of said rule 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 an 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 contain more than FORTY (40) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each proration unit so that an amount not to exceed a maximum of FORTY FOUR (44) acres may be assigned. The two farthestmost points of any proration unit shall not be in excess of THREE THOUSAND TWO HUNDRED FIFTY (3,250) 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.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a TWENTY (20) acre fractional proration unit shall not be greater than TWO THOUSAND ONE HUNDRED (2,100) feet removed from each other.

Operators shall not be required to file Form P-15 or plats for wells in the field.

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:

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

SEVENTY FIVE percent (75%) 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 in the Beckville (Cotton Valley) Field will remain suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Beckville (Cotton Valley) Field drops below 100% of deliverability.

Done this 14<sup>th</sup> day of August, 2007

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by OGC  
Unprotested Master Order dated August 14,  
2007)**