

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

**OIL AND GAS DOCKET
NO. 06-0267638**

**IN THE CARTHAGE (COTTON VALLEY)
FIELD, HARRISON, PANOLA AND
SHELBY COUNTIES, TEXAS**

**FINAL ORDER
AMENDING FIELD RULES FOR THE
CARTHAGE (COTTON VALLEY) FIELD
HARRISON, PANOLA AND SHELBY COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 18, 2010, 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 Rule Nos. 2 and 3 of the field rules for the Carthage (Cotton Valley) Field, Harrison, Panola and Shelby Counties, Texas, adopted in Final Order No. 6-67,311, effective June 27, 1977, as amended, are hereby amended as set out below:

RULE 2: No well for gas 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. 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.

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 an individual gas well shall be known as a proration unit. The prescribed 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 prescribed 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 of any proration unit shall not be in excess of SIX THOUSAND FIVE HUNDRED (6,500) 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.

An operator, at his option, shall be permitted to form optional drilling and proration 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 ONE THOUSAND FIVE HUNDRED (1,500) 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.

Done this 14th day of December, 2010.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by OGC Unprotested Master Order
dated December 14, 2010)**