

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

**OIL AND GAS DOCKET  
NO. 06-0265974**

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

**FINAL ORDER  
AMENDING FIELD RULE NO. 2 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 August 23, 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 Field Rule No. 2 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, is hereby amended. The amended Field Rule is set out below:

**RULE 2:** No well for oil or gas 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, 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 therefore 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.

Notwithstanding the above, there shall be no minimum requirement for between well spacing between horizontal and vertical wells and operators shall be required to file an as-drilled plat showing the path, penetration point and terminus of all drainholes in horizontal wells.

It is further **ORDERED** that the allocation formula in the Carthage (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 Carthage (Cotton Valley) Field drops below 100% of deliverability.

Done this 14<sup>th</sup> day of September, 2010.

**RAILROAD COMMISSION OF TEXAS**

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