

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

**OIL AND GAS DOCKET  
NO. 08-0250424**

**IN THE CHAPARRAL DRAW (OLDS)  
FIELD, LOVING COUNTY, TEXAS**

**FINAL ORDER  
AMENDING FIELD RULES FOR THE  
CHAPARRAL DRAW (OLDS) FIELD  
LOVING COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 23, 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.

Therefore, it is ordered by the Railroad Commission of Texas that the application of Chaparral Energy, L.L.C. to amend Rules 1 and 3 of the field rules for the Chaparral Draw (Olds) Field, adopted in Final Order No. 08-0240601, effective April 5, 2005, is hereby approved.

The field rules for the Chaparral Draw (Olds) Field, as amended, are as follows:

**RULE 1:** The entire combined correlative interval from 3,200 feet as shown on the log of the Hacienda State Lease Well No. 1-46, API No. 301 31157, Section 46, Block 56, T&P RR Co./Tyler, W.R. Survey, A-1334, Loving County, Texas, to 3,449 feet as shown on the log of the Tyler State Lease Well No. 1-46, API No. 301 31145, Section 46, Block 56, T&P RR Co./Tyler, C. Survey, A-1366, Loving County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Chaparral Draw (Olds) Field.

**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 TWELVE HUNDRED (1200) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. 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 in either field. 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 the individual oil or gas well for the purpose of allocating allowable production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) acres; provided that, an acreage tolerance of 10% shall be allowed for each standard proration unit assigned. The two farthestmost points in any proration unit shall not be in excess of THREE THOUSAND TWO HUNDRED AND FIFTY (3,250) feet removed from each other. Each proration unit containing less than EIGHTY (80) 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. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling and fractional proration units of FORTY (40) acres, with a proportional acreage allowable credit for a well on fractional proration units. The two farthestmost points of a FORTY (40) acre fractional proration unit shall not be greater than THREE THOUSAND TWO HUNDRED FIFTY (3,250) 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 84 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 NINETY FIVE percent (95%) 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 FIVE percent (5%) 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. NINETY FIVE percent (95%) 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. FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

**RULE 5:** The permitted gas-oil ratio for all wells in the Chaparral Draw (Olds) Field, Loving County, Texas, shall be under an increased gas-oil ratio authority which results in a casinghead gas limit of 1,200 MCF of gas per day per well. It is further ordered that a well's oil allowable shall not be penalized unless the above permitted casinghead gas limit is exceeded.

Done this 10<sup>th</sup> day of April, 2007.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotected Master Order dated April  
10, 2007)**