

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

**OIL AND GAS DOCKET
NO. 08-0251627**

**IN THE PINON (MULTIPAY) FIELD,
PECOS COUNTY, TEXAS**

**FINAL ORDER
TO AMEND FIELD RULES
FOR THE PINON (MULTIPAY) FIELD
PECOS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 29, 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 field rules adopted in Final Order No. 08-0242875, effective July 22, 2005, for the Pinon (Multipay) Field, Pecos County, Texas, are hereby amended as follow:

RULE 1: The entire correlative interval from 11,043 feet to 11,700 feet (from top of the unthrust Woodford shale to the top 150 feet of the Ellenburger formation) as shown on the log of the Longfellow 600-3 Well No. 6, API No. 42-371-37316, Section 3, Block 600, H. C. Kingston/T. S. Talley Survey, Pecos County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Pinon (Multipay) Field.

RULE 2: No gas well shall hereafter be drilled nearer than SIX HUNDRED SIXTY (660) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than ONE THOUSAND THREE HUNDRED TWENTY (1,320) 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. 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 SIX HUNDRED FORTY (640) acres. No proration unit shall contain more than SIX HUNDRED FORTY (640) 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 SEVEN HUNDRED FOUR (704) acres may be assigned. No proration unit plats are required.

An operator, at his option, shall be permitted to form optional drilling units of THREE HUNDRED TWENTY (320) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

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 FIVE percent (95%) 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.

FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

It is further ordered that the allocation formula in the Pinon (Multipay) 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 Pinon (Multipay) Field drops below 100% of deliverability.

Done this 11th day of September, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by OGC Unprotested Master Order
dated September 11, 2007)**