

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

**OIL AND GAS DOCKET  
NO. 10-0253690**

**IN THE HEMPHILL (GRANITE WASH)  
FIELD, HEMPHILL COUNTY, TEXAS**

**FINAL ORDER  
AMENDING FIELD RULES FOR THE  
HEMPHILL (GRANITE WASH) FIELD  
HEMPHILL COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 5, 2007, the presiding examiners have 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 examiners' 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 Cimarex Energy Co. to amend the field rules for the Hemphill (Granite Wash) Field, adopted in Final Order No. 10-70,565, effective April 30, 1979, as amended, is hereby approved.

The field rules for the Hemphill (Granite Wash) Field, as amended, are as follows:

**RULE 1:** The entire correlative interval from 10,565 feet to 12,710 feet as shown on the log of the Hobart Ranch Lease Well No. 8-68, API No. 211 33001, Section 68, Block A-2, H & GN RR Co. Survey, A-835, Hemphill County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Hemphill (Granite Wash) Field.

**RULE 2:** No vertical or horizontal well shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line. No vertical well shall be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any applied for, permitted or completed horizontal or vertical well in the same reservoir on the same lease, pooled unit or unitized tract. There is no minimum between-well spacing requirement from a horizontal well to any other applied for, permitted or completed horizontal 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 shall be known as a proration unit. The standard drilling and proration units are established hereby to be ONE HUNDRED SIXTY (160) acres. No proration unit shall contain more than ONE HUNDRED SIXTY (160) 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 ONE HUNDRED SEVENTY SIX (176) acres may be assigned. The two farthestmost points of any proration unit shall not be in excess of FIVE THOUSAND SIX HUNDRED (5,600) feet removed from each other. Each proration unit containing less than ONE HUNDRED SIXTY (160) acres shall be a fractional proration unit.

An operator, at his option, shall be permitted to form optional drilling and proration units of EIGHTY (80) acres. The two farthestmost points of a EIGHTY (80) acre fractional proration unit shall not be greater than FOUR THOUSAND (4,000) feet removed from each other.

Under the following conditions, an operator, at its option, shall be granted an exception to Statewide Rule 38 and permitted to form fractional units of less than EIGHTY (80) acres:

- (a) The Railroad Commission shall notify in writing the operators and unleased mineral owners of tracts (i) within 660 feet from the bottomhole location of a vertical well or (ii) within 660 feet of any point on a horizontal well within the correlative interval.
- (b) Operators and unleased mineral interest owners receiving this written notification shall have 21 days from the date of issuance of the notice of application for a Rule 38 density exception to file a written protest with the Railroad Commission, such protest to be received by the Railroad Commission within said 21 day period.
- (c) If no written protest is received by the Railroad Commission within the 21 day period of time, or if written waivers are received from each operator or mineral interest owner to whom notice is required, the application shall be approved administratively by the Railroad Commission.
- (d) If a written protest is received by the Railroad Commission within 21 days of

the date of issuance of the notice of application, the application will be scheduled for hearing at which the applicant must show that the fractional proration unit and the well thereon are necessary to effectively drain an area of the field that will not be effectively drained by existing wells, or to prevent waste or confiscation.

- (e) Permits granted pursuant to the above provision shall be issued as exceptions to Statewide Rule 38.

Operators shall not be required to file Form P-15 or proration unit plats for any well in the field.

**RULE 4:** 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:

- a. FIVE percent (5%) of the total field allowable shall be allocated equally among the individual prorable wells producing from this field.
- b. 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 prorable wells producing from this field.

It is further **ORDERED** by the Railroad Commission of Texas that the allocation formula in the Hemphill (Granite Wash) Field remain suspended. The allocation formula may be reinstated administratively, in accordance with Commission rules, if the market demand for gas in the Hemphill (Granite Wash) Field drops below 100% of deliverability.

Done this 18<sup>th</sup> day of December, 2007.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated  
December 18, 2007)**