

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

**OIL AND GAS DOCKET
NO. 10-0276811**

**IN THE ST. CLAIR (GRANITE WASH)
FIELD, ROBERTS COUNTY, TEXAS**

**FINAL ORDER
AMENDING FIELD RULE NO. 1 FOR THE
ST. CLAIR (GRANITE WASH) FIELD
ROBERTS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 13, 2012, 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 1 of the field rules adopted in Final Order No. 10-0209552, effective September 19, 1995, as amended, for the St. Clair (Granite Wash) Field, Roberts County, Texas is amended as hereafter set out:

RULE 1: The entire correlative interval from 7,800 feet to 10,448 feet as shown on the log of the Christie-Tipps No. 1, (API No. 42-393 00196), Section 78, Block B-1, H & GN Survey, Roberts County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the St. Clair (Granite Wash) Field.

RULE 2: No well for gas or oil 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. 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 standard drilling and proration units are established hereby to be ONE HUNDRED SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED SIXTY (160) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard 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 in any proration unit shall not be in excess of FOUR THOUSAND FIVE HUNDRED (4,500) feet removed from each other. Each proration unit containing less than ONE HUNDRED SIXTY (160) 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. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling and proration units of EIGHTY (80) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of an EIGHTY (80) acre fractional proration unit shall not be greater than THREE THOUSAND TWO HUNDRED FIFTY (3,250) feet removed from each other.

It is ordered that Form P-15 and plat shall not be required for wells in this field as long as acreage is not a factor in the allocation formula.

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:

TWENTY-FIVE percent (25%) of the field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

SEVENTY-FIVE percent (75%) of the field's total 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 the field.

The allocation formula in the St. Clair (Granite Wash) Field shall remain suspended. The allocation formula may be reinstated administratively if the market demand for gas in the St. Clair (Granite Wash) Field drops below 100% of deliverability.

It is further ordered that the Crosby 8 Lease Well No. 4 (API No. 42-393 32305) completion be transferred from the St. Clair, N. (Kansas City) Field to the St. Clair (Granite Wash) Field.

Done this 21st day of August, 2012.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures
affixed by OGC Unprotected Master
Order dated August 21, 2012)**