

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 06-0287998**

**IN THE NEW HOPE (SMACKOVER) FIELD,
FRANKLIN COUNTY, TEXAS**

**FINAL ORDER
AMENDING FIELD RULES FOR THE NEW HOPE (SMACKOVER) FIELD,
FRANKLIN COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on April 21, 2014, 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 for the New Hope (Smackover) Field (ID No. 65157 800) are hereby amended and presented in their entirety below:

RULE 1: The entire correlative interval from 11,685 feet to 12,525 feet as shown on the log of the New Hope Deep Unit Well No. 7-6D, (API No. 42-159-30542), shall be designated as a single reservoir for proration purposes and be designated as the New Hope (Smackover) Field.

RULE 2: No gas well shall hereafter be drilled nearer than THREE THOUSAND (3,000) feet to any well completed in or drilling to the same reservoir on the same lease, unitized tract or farm, and no well shall be drilled nearer than SIX HUNDRED SIXTY (660) feet to any property line, lease line or subdivision line; provided, however, that the Commission will, in order to prevent waste or to prevent the confiscation of property grant exceptions to permit drilling within shorter distances 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 this rule 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.

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 other rules to follow

are for the purpose of permitting only one well to each 320-acre proration unit.

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 non-associated gas well for the purpose of allocating allowable gas production thereto shall be known as a gas proration unit, and such acreage may be claimed for each non-associated gas reservoir independently of any other reservoir. No gas proration unit shall contain more than ONE HUNDRED SIXTY (160) acres except as hereinafter provided; and no acreage shall be included in any proration unit formed or created subsequent to the effective date of this order and allocated to the well thereon unless the two farthestmost points of the unit created by the inclusion of such acreage be not greater than four thousand five hundred (4,500) feet from each other, provided that tolerance acreage of TEN (10) percent shall be allowed for each unit so that an amount not to exceed a maximum of one hundred seventy-six (176) acres may be assigned; and each unit containing less than one hundred sixty (160) acres shall be a fractional proration unit. All such proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas.

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 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 allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the proportion that the gross acre feet assigned such well for proration purposes bears to the summation of the gross acre feet with respect to all proratable wells producing from the same reservoir.

It is further **ORDERED** by the Railroad Commission of Texas all wells in the New Hope (Smackover) Field are to be tested (Form G-10) on an annual basis; semi-annual well testing is not required for wells in this field. Current well tests to be filed by June 1, 2014 and effective on July 1, 2014 are not required.

This approval is subject to the following conditions:

1. Exception to performing Semi-Annual G-10 Deliverability well tests for all wells in the subject fields is authorized so long as the allocation formula in that specific field is suspended. If the allocation formula is re-instated,

operators shall test each well semi-annually beginning with the first Semi-Annual G-10 test period immediately following reinstatement of the allocation formula.

2. Operators shall conduct annual G-10 wells tests in the subject fields according to the schedules for the various fields shown on Exhibits A, B and C, attached hereto.
3. For the second test period each year for each of the subject fields, Operators shall file the most recent G-10 test results on the Commission's computer generated semi-annual G-10 test report. If the actual test date is within the second test period, the actual test date shall be reported on the form. If the actual test date is earlier than the second test period, then the test date shall be reported for record purposes, as the first day of the first month of the second semi-annual test period.
4. All of the requirements of Statewide Rule 28 shall remain in effect except for the semi-annual G-10 well testing requirement.

It is further **ORDERED** that the allocation formula in the New Hope (Smackover) Field will remain suspended. The allocation formula may be reinstated administratively if the market demand for gas in the New Hope (Smackover) Field drops below 100% of deliverability. If the market demand for gas in the New Hope (Smackover) Field drops below 100% of deliverability while the allocation formula is suspended, the operator shall immediately notify the Commission and the allocation formula shall be immediately reinstated.

Done this 17th day of June, 2014.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division Unprotested Master Order
dated June 17, 2014)**