

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

**OIL & GAS DOCKET  
NO. 7B-0257098**

**RE: THE APPLICATION OF CHOLLA  
PETROLEUM, INC. TO SUSPEND THE  
ALLOCATION FORMULA IN THE P. K.  
LAKE (CONGL.) FIELD, PALO PINTO  
COUNTY, TEXAS**

**FINAL ORDER**

After statutory notice in the above-numbered docket heard on June 23, 2008, the Railroad Commission of Texas makes the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Notice of at least ten (10) days was given to all operators in the field and no one appeared at the hearing in protest.
2. The P. K. Lake (Congl.) Field was discovered in July 1983 and is classified as an associated gas field. The field currently has an exempt status, as all wells produce less than 100 MCFGPD.
3. All operators of producing wells in the subject field have 100% market demand for the gas produced from wells under their control.
  - a. Cholla Petroleum, Inc. operates two wells in the field after their completion of the State Mockingbird Lease Well No. 9, which is not yet listed on the proration schedule. This well potentialed for 625 MCFGPD and 2 BCPD with a GOR of 312,500 on March 12, 2008. The other Cholla well only has a deliverability of 16 MCFGPD.
  - b. Upham Oil & Gas Co. operates one well in the field and did not execute Form AOF-2. The well operated by Upham has a deliverability of only 5 MCFGPD.
  - c. There are no wells listed on the oil proration schedule for this field.
4. Suspension of the allocation formula in the P. K. Lake (Congl.) Field will not cause a pipeline limitation.

**CONCLUSIONS OF LAW**

1. Proper notice was issued by the Railroad Commission of Texas to persons legally entitled to notice.

2. All things have been done and occurred to give the Railroad Commission of Texas jurisdiction to decide this matter.
3. The subject field meets all the criteria established for suspension of the allocation formula under Statewide Rule 31(j).

Therefore, it is ordered by the Railroad Commission of Texas that the application of Cholla Petroleum, Inc. for suspension of the allocation formula in the P. K. Lake (Congl.) Field is hereby approved. The allocation formula may be reinstated administratively if the market demand for gas in the P. K. Lake (Congl.) Field drops below 100% of deliverability. If the market demand for gas in the P. K. Lake (Congl.) 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.

It is further ordered that all accumulated over-production in the P. K. Lake (Congl.) Field is cancelled.

Done this 15<sup>th</sup> day of July, 2008.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated July 15,  
2008)**