

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

**OIL AND GAS DOCKET
NO. 03-0263919**

**FOR THE AUSTIN CHALK
FORMATION, JASPER, NEWTON AND
TYLER COUNTIES, TEXAS**

FINAL ORDER

The Railroad Commission of Texas has received and docketed this application for a high cost/tight gas formation designation pursuant to 16 TAC §3.101, after hearing held on January 5, 2010 makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Anadarko E&P Company LP (P-5 Operator No. 020542) requests a Railroad Commission of Texas certification that wells completed in the Austin Chalk Formation in Jasper, Newton, and Tyler Counties, Texas, are completed in a high-cost / tight-gas formation pursuant to Statewide Rule 101.
2. Notice of the application was provided to all affected parties at least 21 days prior to the Commission review. No protests or comments were filed in response to this application.
3. The top of the applied for Austin Chalk formation is found at an average depth of 11,250 feet and is found within the correlative geologic interval from 9,690 feet to 10,250 feet as shown on the log of the Sanchez & O'Brien – G.W. Brown Well No. 1 (API No. 42-241-30340), Hearing Exhibit No. 3.
4. The proposed correlative interval for the field, within the requested area of the application, meets the Railroad Commission Statewide Rule 101 guidelines for a high cost/tight gas formation.
 - a. 16 TAC §3.101(f)(3)(B) specifies that the in-situ horizontal permeability should not exceed 0.1 millidarcies, as determined by geometric mean or median methodology, in order to qualify as a high cost/tight gas formation.
 - b. The proposed Austin Chalk tight gas interval averages 600 feet in gross thickness within the requested tight gas area; the average formation in-situ permeability is 0.017 millidarcies;

OIL AND GAS DOCKET NO. 03-0263919

- c. 16 TAC §3.101(f)(3)(B) specifies that the stabilized, pre-stimulation producing rate against atmospheric pressure, as determined by geometric-mean or median methodology, must not be expected to exceed 5 BOPD crude oil and 927 MSCF per day for vertical wells completed in the subject field interval.
- d. The calculated pre-stimulation stabilized absolute open flow rate for requested tight gas area is 606 MSCF per day; wells completed in the subject field and located within the proposed area are not expected to produce more than 5 BOPD crude oil prior to stimulation.

CONCLUSIONS OF LAW

- 1. Proper notice was issued to all affected persons as required by the applicable codes and regulatory statutes.
- 2. The Railroad Commission of Texas is the appropriate agency to make a determination concerning a high cost/tight gas formation certification pursuant to 16 TAC §3.101.
- 3. The area recognized in the application is considered to be a tight formation designation for State Severance Tax purposes and the Commission determines that wells completed in the Austin Chalk within said area are producing from a high cost/tight gas formation.
- 4. Gas produced from the wells completed in requested area, identified by plat submitted in this application, is a high cost/tight formation gas pursuant to 16 TAC §3.101.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that effective February 9, 2010, the application of Anadarko E&P Company LP for the Commission's certification that the Austin Chalk Formation within the correlative geologic interval of from 9,690 feet to 10,250 feet as shown on the type log of the Sanchez & O'Brien – G.W. Brown Well No. 1 (API No. 42-241-30340) in Jasper, Newton, and Tyler Counties, Texas, is a tight gas formation and therefore produces high cost gas pursuant to 16 TAC §3.101, be and it is hereby approved.

Done this 23rd day of February, 2010.

RAILROAD COMMISSION OF TEXAS

**Approved and signatures affixed by O&G
Unprotested Master Order dated
February 23, 2010)**