

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

**OIL AND GAS DOCKET  
NO. 03-0267859**

**FOR THE AUSTIN CHALK FORMATION,  
POLK COUNTY, 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, and after a hearing held on November 15, 2010, makes the following Findings of Fact and Conclusions of Law:

**FINDINGS OF FACT**

1. BBX Operating, LLC (P-5 Operator No. 058908) requests a Railroad Commission of Texas certification that wells completed in the Austin Chalk Formation in Polk County, Texas, are completed in a high-cost / tight-gas formation pursuant to Statewide Rule 101. The current Austin Chalk fields located in Polk County, Texas, are listed below:

<b><u>FIELD NAME</u></b>	<b><u>FIELD NUMBER</u></b>
Brookeland (Austin Chalk, 8800)	12193 500
Carmona (Austin Chalk)	15755 100
Damascus (Austin Chalk)	22876 100
Double A Wells, N (Austin Chalk)	25646 100
Leggett (Austin Chalk)	52978 100
Sandy Creek (Austin Chalk)	80640 300
Seven Oaks N. (Austin Chalk)	82366 400

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 12,500 feet and is contained within the correlative geologic interval from 12,460 feet to 12,672 feet as shown on the log of the Mitchell Energy Company, LP – Southland Paper Mills “A” Lease, Well No. 5 (API No. 42-373-30966), J. M. Smith Survey, A-555, Polk County, Texas (Hearing Exhibit Nos. 2 and 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 250 feet in gross thickness within the requested tight gas area; the average formation in-situ permeability is 0.015 millidarcies;
- 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 1,238 MSCF per day for vertical wells completed in the subject field interval.
- d. The calculated pre-stimulation stabilized absolute open flow rate for the requested tight gas area is 117 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 formation within Polk County, Texas, are producing from a high cost/tight gas formation.
- 4. Gas produced from the wells completed in the Austin Chalk formation in Polk County, Texas, is from a high cost/tight gas formation pursuant to 16 TAC §3.101.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that effective December 14, 2010, the application of BBX Operating, LLC for the Commission's certification that the Austin Chalk Formation within the correlative geologic interval from 12,460 feet to 12,672 feet as shown on the log of the Mitchell Energy Company, LP – Southland Paper Mills “A” Lease, Well No. 5 (API No. 42-373-30966), J. M. Smith Survey, A-555, Polk County, 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 14<sup>th</sup> day of December, 2010.

**RAILROAD COMMISSION OF TEXAS**

**Approved and signatures affixed by O&G  
Unprotested Master Order dated  
December 14, 2010)**