

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

**OIL AND GAS DOCKET  
NOS. 04-0246875; 04-0246876;  
& 04-0246877**

**IN JENNINGS RANCH (LOBO CONS),  
CHARCO (9900), AND CHARCO (9400)  
FIELDS, ZAPATA COUNTY, TEXAS**

**FINAL ORDER  
APPROVING THE APPLICATION OF CHESAPEAKE OPERATING INC.  
FOR LEASEWIDE RULE 10 EXCEPTIONS IN THE  
JENNINGS RANCH (LOBO CONS), CHARCO (9900), AND CHARCO (9400) FIELDS,  
ZAPATA COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered dockets heard on April 27, 2006, the presiding examiner has made and filed reports and recommendations containing findings of fact and conclusions of law, for which service was not required; that the proposed applications are in compliance with all statutory requirements; and that these proceedings were 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 reports and recommendations, 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.

THEREFOR is **ORDERED** by the Railroad Commission of Texas that the application of Chesapeake Operating Inc. for exceptions to Statewide Rule 10 for all wells on the Las Ovejas State Lease, O.M. Laurel Lease, and El Refugio Lease, in the Jennings Ranch (Lobo Cons), Charco (9900), and Charco (9400) Fields, Zapata County, Texas, be and they are hereby approved. Such commingled production as is produced from the wells on these leases shall be assigned to the Jennings Ranch (Lobo Cons.) Field for proration purposes if it is one of the commingled fields. Comminngled production may be assigned to the Jennings Ranch (Lobo Cons.) Field only as long as the allocation formula is suspended in the Jennings Ranch (Lobo Cons), Charco (9900) and Charco (9400) Fields. If the status of any of these fields changes it may be necessary to reassign commingled production to a prorated field.

Further, acreage assigned to a commingled well on these leases for allocation of allowable shall not be assigned to any other well or wells projected to or completed in the specific fields that have been commingled in that well; such duplicate assignment of acreage is not acceptable, provided however, that this limitation shall not prevent the reformation of development or proration units so long as no duplicate assignment of acreage occurs, and further, that such reformation does not violate other conservation regulations.

The operator of wells on the subject leases shall file the appropriate completion forms and/or other forms as required by the Commission when any well on the referenced leases is so downhole commingled and shall file at the same time the appropriate Commission required administrative Rule 10 exception downhole commingling fee.

Signed this sixteenth day of May, 2006.

**RAILROAD COMMISSION OF TEXAS  
(Order approved and signatures affixed by  
OGC Unprotested Master Order dated May  
16, 2006.)**