

**RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION**

**OIL AND GAS DOCKET
NOS. 0252703, 0252728, 0252732,
0252733 and 0252817**

**SLAUGHTER FIELD
HOCKLEY COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATIONS OF BEPCO, L.P.
PRODUCTION CO. FOR EXCEPTIONS TO THE COMMISSION'S STATEWIDE
RULES 11, 37, 26, 27, 51, 52, 53, & 86
AND RULE 13 OF THE FIELD RULES FOR THE SLAUGHTER FIELD
FOR ITS SUN-DENTON NO 8H; SLAUGHTER, S.A. "B" NOS. 33,42 & 29H;
R.L. SLAUGHTER, JR. TR. 33 NO. 39; A. E. COE NOS. 13H, 18 AND 21H;
BARRY UNIT NO. 6; AND R. A. HEFNER NO. 8H WELLS**

By these applications, BEPCO, L.P. ("BEPCO") seeks authority to re-enter five existing wellbores and drill new lateral extensions of the vertical wellbores across portions of the drillsite lease for the vertical well and the adjoining lease or unit in order to complete portions of lateral extension patterns within its existing waterflood operations on these leases. In order to drill and produce the proposed lateral completions across lease lines, exceptions to several Commission Statewide Rules, and one Slaughter Special Field Rule will be necessary in order to (1) allow the wellbore to cross lease lines; (2) obtain spacing exceptions; (3) approve surface commingling of the oil and gas; (4) provide exceptions to normal testing requirements for wells; (5) allocate the commingled production; and (6) comply with certain provisions of Rule 86 governing horizontal wells.

The Commission finds that, after statutory notice and hearing in the above numbered dockets on September 19, 2007, the presiding examiners have made and filed a report and recommendation 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 Examiners' 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 BEPCO be granted exceptions to the Rules set forth in Paragraph 1 below, for the wells set forth in paragraph 2 below:

1.
 - a) SWR 11(a) - The wellbores are authorized to cross lease/property lines as requested;
 - b) SWR 37 - The wells may be drilled to lease line (0' from lease line);
 - c) SWR 86(b)(2)- Exception to lease line spacing for lateral is granted;
 - d) SWR 86(f)(2)- Drilling unit plat requirement is waived; the leases have Entity for Density authority until fully developed;
 - e) SWR 86(f)(4)- Proration unit plat requirement is waived; the leases have Entity for Density authority until fully developed;
 - f) SWR 26- Surface commingling of oil between leases prior to measurement is permitted; Form P-17 has been approved for these wells. (Please attach a copy of this Final Order with the Form P-17 filing for processing.)
 - g) SWR 27- Surface commingling of gas between leases prior to measurement is permitted; Form P-17 has been approved for these wells. (Please attach a copy of this Final Order with the Form P-17 filing for processing.)
 - h) SWR 51- Oil potential test and completion reports for wells may be performed by the proposed allocation method;
 - i) SWR 52- Oil well allowable production; well tests for allowables; the proposed allocation formula is approved;
 - j) SWR 53- Annual well tests; the proposed allocation formula is approved;

Slaughter Field Rules

- k) Rule 13- Daily potential to be determined by 6 hour open flow test; the proposed allocation formula is approved;

2.				Drilling Permit	Rule 37
	<u>Lease No.</u>	<u>Lease Name</u>	<u>Well No.</u>	<u>Status No.</u>	<u>Case No.</u>
	<u>Slaughter, S. A. "B" No. 33 Horizontal Re-entry</u>				
	06014	Slaughter, S. A. "B"	33	642085	0252703
	05909	Hefner, R. A.	8H	642084	0252703
	<u>Slaughter, S. A. "B" No. 42 Horizontal Re-entry</u>				
	06014	Slaughter, S. A. "B"	42	642074	0252732
	06008	Coe, A. E.	13H	642073	0252732
	<u>Coe, A. E. No. 18 Horizontal Re-entry</u>				
	06008	Coe, A. E.	18	642083	0252817
	06015	Sun-Denton	8H	642082	0252817
	<u>Slaughter Tr. 33 No. 39 Horizontal Re-entry</u>				
	16501	R.L. Slaughter, Jr. Tr. 33	39	642080	0252733
	06008	Coe, A. E.	21H	642081	0252733
	<u>Barry Unit No. 6 Horizontal Re-entry</u>				
	19519	Barry Unit	6	642055	0252728
	06014	Slaughter, S. A. "B"	29H	642054	0252728

It is further ORDERED that the Commission's staff is hereby granted authority to make changes in the "baseline production" calculated under the procedures described in the Examiners' Report and Recommendation and in the evidence presented at the hearing on these applications. Such changes may be made by administrative action without a hearing, when staff is presented with evidence from the operator of changed production trends that support modifying the initial baseline production established from any affected well.

Done this 7th day of October, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by OGC
Unprotested Master Order dated October 9, 2007)**