

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 06-0280380**

**IN THE JAMES BAYOU (COTTON
VALLEY) FIELD, MARION COUNTY,
TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF GMX RESOURCES INC. FOR A
NEW FIELD DESIGNATION AND TO ADOPT FIELD RULES FOR THE
JAMES BAYOU (COTTON VALLEY) FIELD
MARION COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on February 15, 2013, 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 application is in compliance with all statutory requirements; and that this proceeding was 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 the application of GMX Resources Inc. for a new field designation for its Haynes Lease, Well No. 1, is hereby approved. The new field shall be known as the James Bayou (Cotton Valley) Field (ID No. 45563 500), Marion County, Texas.

It is further **ORDERED** that the following Field Rules are hereby adopted for the James Bayou (Cotton Valley) Field, Marion County, Texas:

RULE 1: The correlative interval from 8,344 feet to 10,625 feet as shown on the log of the GMX Resources Inc. - Haynes Lease, Well No. 1 (API No. 42-315-30969), W. Hamilton Survey, A-194, Marion County, Texas, shall be designated as the James Bayou (Cotton Valley) Field.

RULE 2: The daily allowable production of gas from individual wells completed in a non-associated gas reservoir of the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the following manner:

FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

NINETY FIVE percent (95%) of the total field allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission, bears to the summation of the deliverability of all prorable wells producing from this field.

It is further **ORDERED** by the Railroad Commission of Texas that the application of GMX Resources Inc. for suspension of the allocation formula in the James Bayou (Cotton Valley) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the James Bayou (Cotton Valley) Field drops below 100% of deliverability. If the market demand for gas in the James Bayou (Cotton Valley) 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.

Done this 26th day of March, 2013.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master
Order dated March 26, 2013)**