

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

**OIL AND GAS DOCKET  
NO. 03-0258435**

**IN THE SHERIDAN (WILCOX  
CONSOLIDATED) FIELD, COLORADO  
COUNTY, TEXAS**

**FINAL ORDER  
CONSOLIDATING VARIOUS SHERIDAN FIELDS  
INTO THE SHERIDAN (WILCOX CONSOLIDATED) FIELD  
AND ADOPTING FIELD RULES FOR THE  
SHERIDAN (WILCOX CONSOLIDATED) FIELD  
COLORADO COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on August 21, 2008, the presiding examiner has made and filed a report and recommendation containing findings of fact and conclusions of law, which was served on all parties of record; 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 examiner's 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 Sheridan (Wilcox), Sheridan (Wilcox H), Sheridan (Wilcox S) and Sheridan (Wilcox T) Fields are hereby consolidated into a new field called the Sheridan (Wilcox Consolidated) Field, ID No. 83107 375, Colorado County, Texas; and all records and reports filed with the Commission will show such designation.

It is further **ORDERED** by the Commission that the following rules are hereby adopted for the Sheridan (Wilcox Consolidated) Field:

**RULE 1:** The entire correlative interval from 8,054 feet to 11,751 as shown on the log of the Sheridan Gas Unit Well No. 127, API 089-32565, H. Heller Survey, A-741, Colorado County, shall be considered a single reservoir for proration purposes and be designated as the Sheridan (Wilcox Consolidated) Field.

**RULE 2:** No well for oil or gas shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line, or subdivision line. There is no minimum between-well spacing requirement for wells in the field. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well, and the above spacing rule and the other rules to follow are for the purpose of

permitting only one well to each drilling and proration unit in either field. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application therefor shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rules 37 and 38, which applicable provisions of said rules are incorporated herein by reference.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

**RULE 3:** The acreage assigned to the individual oil or gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be TWENTY (20) acres. No proration unit shall consist of more than TWENTY (20) acres except as hereinafter provided. There is no maximum diagonal limitation.

No gas well proration unit shall contain more than TWENTY (20) acres; provided however, that tolerance acreage of ten (10) percent shall be allowed for each proration unit so that an amount not to exceed a maximum of TWENTY TWO (22) acres may be assigned to each gas well. Each gas proration unit containing less than TWENTY (20) acres shall be a fractional proration unit.

For the determination of acreage credit for gas wells in this field, operators shall file for each well a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units. On that form or an attachment thereto, the operator shall list the number of acres that are being assigned to each well on the lease or unit for proration purposes. Operators in this field shall not be required to file plats with the Form P-15. Provided further, that if the acreage assigned to any well has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

**RULE 4:** The daily allowable production of gas from individual wells completed in 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:

NINETY-FIVE percent (95%) of the total field allowable shall be allocated among the individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of the acreage with respect to all prorable wells producing from this field.

FIVE percent (5%) 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 proratable wells producing from this field.

It is further ordered that the allocation formula for the Sheridan (Wilcox Consolidated) Field shall remain suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Sheridan (Wilcox Consolidated) Field drops below 100% of deliverability.

Done this 9<sup>th</sup> day of September, 2008.

**RAILROAD COMMISSION OF TEXAS  
(Order approved and signatures  
affixed by OGC Unprotested Master  
Order dated September 9, 2008)**