

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

**OIL AND GAS DOCKET
NO. 04-0227851**

**IN THE ANN MAG, EAST (BLAINEY)
FIELD, BROOKS COUNTY, TEXAS**

**FINAL ORDER
COMBINING THE ANN MAG, EAST (L. VX BLAINEY SAND) FIELD
AND THE ANN MAG, EAST (LOWER VX) FIELD
INTO THE ANN MAG, EAST (BLAINEY) FIELD AND
ADOPTING FIELD RULES FOR THE
ANN MAG, EAST (BLAINEY) FIELD
BROOKS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on April 16, 2001, the presiding examiner has 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 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 Ann Mag, East (L. Vx Blainey Sd) Field and the Ann Mag, East (Lower VX) Field are hereby combined into a new field called the Ann Mag, East (Blainey) Field (No. _____):

It is further ordered that the following rules are adopted for the Ann Mag, East (Blainey) Field:

RULE 1: The entire correlative interval between 11,280 feet and 13,656 feet, as shown on the log of the Sullivan Deep "C" No. 1, El Tule Antonio Garcia Survey, A-220, Brooks County, shall be designated as a single reservoir for proration purposes and be designated as the Ann Mag, East (Blainey) Field.

RULE 2: No gas well shall hereafter be drilled nearer than SIX HUNDRED SIXTY (660) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than ONE THOUSAND TWO HUNDRED (1,200) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. 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. 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 therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rule 37 and 38, which applicable provisions of said rule 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 an individual gas well for the purpose of allocating allowable gas production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be EIGHTY (80) acres. No proration unit shall contain more than EIGHTY (80) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each proration unit so that an amount not to exceed a maximum of EIGHTY EIGHT (88) acres may be assigned. The two farthestmost points of any proration unit shall not be in excess of FOUR THOUSAND FIVE HUNDRED (4,500) feet removed from each other. Each proration unit containing less than EIGHTY (80) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit 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 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:

- a. 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.
- b. 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 proratable wells producing from this field.

It is further ordered that all wells in the Ann Mag, East (Blainey) Field shall be permanently classified as gas wells.

In addition, it is ordered that the allocation formula for the Ann Mag, East (Blainey) Field shall be suspended. The allocation formula may be reinstated administratively if the market demand for gas in the Ann Mag, East (Blainey) Field drops below 100% of deliverability. If the market demand for gas in the Ann Mag, East (Blainey) 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.

Effective this 22nd day of May 2001.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN MICHAEL L. WILLIAMS

COMMISSIONER CHARLES R. MATTHEWS

COMMISSIONER TONY GARZA

ATTEST:

Secretary