

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

**OIL AND GAS DOCKET  
NO. 05-0246979**

**IN THE TEAGUE (TRAVIS PEAK) AND  
(CV-BOSSIER CONS.) FIELDS,  
FREESTONE COUNTY, TEXAS**

**FINAL ORDER  
CONSOLIDATING VARIOUS TEAGUE FIELDS INTO THE  
TEAGUE (TRAVIS PEAK) FIELD;  
CONSOLIDATING VARIOUS OTHER TEAGUE AND MIMMS CREEK FIELDS  
INTO A NEW FIELD TO BE KNOWN AS THE  
TEAGUE (CV-BOSSIER CONS.) FIELD,  
AND ADOPTING OPERATING RULES AND REGULATIONS  
FOR THE TEAGUE (TRAVIS PEAK) AND (CV-BOSSIER CONS.) FIELDS  
FREESTONE COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on May 18, 2006, 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 Teague (Travis Peak) Field (88576 700), Freestone County, be and is hereby separated from the Teague (TP-CV Cons.) Field and recognized as a separate field; and all records and reports filed with the Commission will show such designation.

It is further **ORDERED** by the Commission that the following XTO Energy, Inc. wells be and are hereby transferred from the Teague (TP-CV Cons.) Field to the Teague (Travis Peak) Field, Freestone County; and all records and reports filed with the Commission will show such designation:

Butler GU Well No. 4	API #42-161-32235	Gas ID #187949
Ham GU Well No. 3	API #42-161-31231	Gas ID #149566
Ham GU Well No. 4	API #42-161-31283	Gas ID #152705
Ham GU Well No. 6F	API #42-161-31325	Gas ID #157811
Ham GU Well No. 10	API #42-161-31870	Gas ID #181973
Ham GU Well No. 11	API #42-161-32123	Gas ID #186593
Ham GU Well No. 12	API #42-161-32115	Gas ID #185845
Ham GU Well No. 13	API #42-161-32223	Gas ID #187196

It is further **ORDERED** by the Commission that the following fields be and are hereby combined and recognized as a new field, to be known as the Teague (CV-Bossier Cons.) Field (No.

88576 304), Freestone County, Texas; and all records and reports filed with the Commission will show such designation:

<u>Field Name</u>	<u>RRC Field No.</u>
Teague (Cotton Valley Sd.)	88576 300
Teague, SW. (Cotton Valley)	88581 500
Teague, West (Cotton Valley)	88582 082
Teague (Bossier, Upper)	88576 102
Teague (Bossier Sand)	88576 100
Teague, N.E. (Bossier Sand)	88577 150
Teague, S. (Bossier)	88578 200
Teague Townsite (Bossier)	88596 490
Teague (Cotton Valley)	88576 200
Teague, S. (Cotton Valley Lime)	88578 300
Teague, West (Haynesville)	88582 100
Teague Townsite (Cotton Valley)	88596 500
Teague (TP-CV Cons.)	88576 700
Mimms Creek (Cotton Valley Sand)	61780 302
Mimms Creek (Cotton Valley 12940)	61780 500

It is further **ORDERED** by the Commission that the Teague, S. (Travis Peak); Teague, West (Travis Peak) and Teague Townsite (Travis Peak) Fields be and are hereby consolidated into the Teague (Travis Peak) Field (No. 88576 700), Freestone County, Texas; and all records and reports filed with the Commission will show such designation.

It is further **ORDERED** by the Commission that the operating rules as hereinafter set out, be and are hereby adopted for the Teague (Travis Peak) Field and Teague (CV-Bossier Cons.) Field, Freestone County, Texas.

RULE 1: The Teague (Travis Peak) Field shall be designated as the entire correlative interval from 8236 feet to 10,357 feet; and the Teague (CV-Bossier Cons.) Field shall be designated as the entire correlative interval from 10,357 feet to 12,728 feet; both as shown on the electric log of the Samedan Oil Company Cosson Gas Unit Lease Well No. 2 (API No. 161-30099), J. Lawrence Survey, Freestone County, Texas.

RULE 2: No well for gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than SIX HUNDRED (600) 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 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 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 SIX HUNDRED FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED FORTY (640) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of SEVEN HUNDRED FOUR (704) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of NINE THOUSAND FIVE HUNDRED (9500) feet removed from each other. Each proration unit containing less than SIX HUNDRED FORTY (640) 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. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a TWENTY (20) acre fractional proration unit shall not be greater than ONE THOUSAND EIGHT HUNDRED (1800) feet removed from each other.

Operators shall file with the Commission certified plats of their properties in said fields, 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 non-associated gas reservoirs of the subject fields 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 total field allowables shall be allocated equally among the individual prorable wells producing from these fields.

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 these fields.

It is further **ORDERED** by the Railroad Commission of Texas that the allocation formulas in the Teague (Travis Peak) and Teague (CV-Bossier Cons.) Fields shall be suspended. The allocation formula may be reinstated administratively if the market demand for gas in the Teague (Travis Peak) Field drops below 100% of deliverability. The allocation formula may be reinstated administratively if the market demand for gas in the Teague (CV-Bossier Cons.) Field drops below 100% of deliverability.

Done this sixth day of June, 2006.

**RAILROAD COMMISSION OF TEXAS**  
(Order approved and signatures affixed by OGC  
Unprotested Master Order dated June 6, 2006.)