

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

**OIL AND GAS DOCKET
NO. 05-0250022**

**FINAL ORDER
CONSOLIDATING CORSICANA (NACATOCH) FIELD INTO THE CORSICANA
(SHALLOW) FIELD, EXPAND THE INTERVAL AND
ADOPTING FIELD RULES FOR THE
CORSICANA (SHALLOW) FIELD
NAVARRO AND ELLIS COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on February 16, 2007, 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 Corsicana (Nacatoch) Field (No. 20823 250) be consolidated into the Corsicana (Shallow) Field (No. 20823 500) in Navarro and Ellis Counties, Texas.

It is further ordered that the following rules are adopted for the Corsicana (Shallow) Field:

RULE 1: The entire correlative interval between the land surface to 2,895 feet as shown on the log of the Humphries No. 2 (API No. 349 34760), J. Smith Survey, A-726, Navarro County, shall be designated as a single reservoir for proration purposes and be designated as the Corsicana (Shallow) Field.

RULE 2: No well shall hereafter be drilled nearer than ONE HUNDRED FIFTY (150) feet to any property line, lease line or subdivision line. There is no between-well spacing limitation for wells in this field.

RULE 3: The acreage assigned to the individual oil well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be TWO (2) acres. No proration unit shall consist of more than TWO (2) acres except as hereinafter provided.

If after the drilling of the last well on any lease and the assignment of acreage to each well thereon in accordance with the regulations of the Commission there remains an additional unassigned acreage of less than TWO (2) acres, then and in such event the remaining unassigned acreage up to and including a total of ONE (1) acre may be assigned as tolerance acreage to the last well drilled on such lease.

Operators shall not be required to file a plat showing individual proration units for wells in the field. However, with each completion or re-completion report, operators must file a plat showing all wells on the lease or unit and a Form P-15 listing all wells on the lease or unit and the number of acres in each well's proration unit.

RULE 4: The gas field shall be classified as associated-prorated. 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:

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

NINETY-FIVE percent (95%) of the field's total 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 the field.

It is further ordered that the allocation formula in the Corsicana (Shallow) Field is suspended. The allocation formula may be reinstated administratively if the market demand for gas in the Corsicana (Shallow) Field drops below 100% of deliverability. If the market demand for gas in the Corsicana (Shallow) 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.

It is further ordered that the Corsicana (Shallow) Field shall be classified as salvage, with no regulatory limitation on oil or casinghead gas production.

Done this 29th day of March, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated March
29, 2007)**