

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

**OIL AND GAS DOCKET
NO. 06-0253480**

**IN THE CHEROKEE TRACE
(JURASSIC) FIELD, UPSHUR COUNTY**

**FINAL ORDER
CONSOLIDATION OF CHEROKEE TRACE (JUR. BRADSHAW) AND
CHEROKEE TRACE (JUR.-HARRISON) FIELDS INTO THE
CHEROKEE TRACE (JURASSIC) FIELD AND TO AMEND THE RULES
AS ADOPTED IN FINAL ORDER NO. 6-61,777 ISSUED EFFECTIVE MAY 23, 1972
FOR THE CHEROKEE TRACE (JURASSIC) FIELD, UPSHUR COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 22, 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.

It is ordered by the Railroad Commission of Texas that the Cherokee Trace (Jur. Bradshaw) and Cherokee Trace (Jur.-Harrison) Fields, located in Upshur County, Texas, be and are hereby combined into the Cherokee Trace (Jurassic) Field, Upshur County, Texas; and from and after said effective date, all records and reports filed with the Commission will show such designation.

It is ordered that the Special Field Rule No. 4 as adopted in Final Order No.6-61,777, issued effective May 23, 1972, as amended, for the Cherokee Trace (Jurassic) Field, Upshur County, Texas is rescinded and the Special Field Rules as adopted in Final Order No.6-61,777, issued effective May 23, 1972, as amended, for the Cherokee Trace (Jurassic) Field, Upshur County, Texas, be and are amended as hereafter set out.

RULE 1: The entire combined correlative interval from 11,772' to 13,210' as shown on the Computer Processed log of the XTO Energy, Inc., Huggins GU 1 Well No. 3, (API No. 42-459-31347), Jeremiah Henson Survey, A-224, Upshur County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Cherokee Trace (Jurassic) Field.

RULE 2: No well for gas shall hereafter be drilled nearer than FOUR HUNDRED AND SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than TWELVE HUNDRED (1200) 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 THREE HUNDRED AND TWENTY (320) acres. No proration unit shall consist of more than THREE HUNDRED AND TWENTY (320) 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 THREE HUNDRED AND FIFTY-TWO (352) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of SIX THOUSAND (6,000) feet removed from each other. Each proration unit containing less than THREE HUNDRED AND TWENTY (320) 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 FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of an FORTY (40) acre fractional proration unit shall not be greater than TWENTY-ONE HUNDRED (2100) feet removed from each other.

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:

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

Further, it is ordered by the Railroad Commission of Texas that the allocation formula shall be suspended pursuant to Statewide Rule 31(j).

Effective this the 6th day of November, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by OGC
Unprotested Master Order dated November 6, 2007)**