

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

**OIL AND GAS DOCKET
NO. 06-0259027**

**IN THE DOUGLASS, W. (TRAVIS PEAK) FIELD,
LITTLE EARS (PETTIT LIME) FIELD, MIYAGI
(PETTIT) FIELD AND NACOGDOCHES, E.
(JAMES LIME) FIELDS, NACOGDOCHES
COUNTY, TEXAS**

**FINAL ORDER
AMENDING FIELD RULES
AND APPROVING BLANKET RULE 10 EXCEPTIONS IN THE
DOUGLASS, W. (TRAVIS PEAK) FIELD, LITTLE EARS (PETTIT LIME) FIELD, MIYAGI
(PETTIT) FIELD AND NACOGDOCHES, E. (JAMES LIME) FIELDS,
NACOGDOCHES COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered dockets heard on October 8, 2008, the presiding examiner has made and filed reports and recommendations containing findings of fact and conclusions of law, for which service was not required; that the proposed applications are in compliance with all statutory requirements; and that these proceedings were 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 reports and recommendations, 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 Rule 2 of the field rules adopted in Final Order No. 06-0255296, effective April 24, 2008, as amended, for the Douglass, W. (Travis Peak) Field, Nacogdoches County, Texas, is hereby amended. The amended rule is set out as follows:

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 FOUR HUNDRED AND SIXTY-SEVEN (467) 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.

It is further **ORDERED** by the Railroad Commission of Texas that Rule 1 be adopted for the Little Ears (Pettit Lime) Field, Miyagi (Pettit) Field and the Nacogdoches, E. (James Lime) Fields, Nacogdoches County, Texas, is hereby adopted. The adopted rule is set out as follows:

RULE 1: 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 FOUR HUNDRED AND SIXTY-SEVEN (467) 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.

It is further **ORDERED** by the Railroad Commission of Texas that the application of Samson Lone Star LLC for exceptions to Statewide Rule 10 for any operator's wells in the Douglass, W. (Travis Peak) Field, Little Ears (Pettit Lime) Field, Miyagi (Pettit) Field and the Nacogdoches, E. (James Lime) Field, Nacogdoches County, Texas, be and it is hereby approved. Such commingled production shall be assigned to the Douglass, W. (Travis Peak) Field for proration purposes only as long as the allocation formula is suspended in the Douglass, W. (Travis Peak) Field, Little Ears (Pettit Lime) Field, Miyagi (Pettit) Field and the Nacogdoches, E. (James Lime) Field. If the status of either of these fields changes it may be necessary to reassign commingled production to a prorated field.

Further, acreage assigned to wells on these leases for allocation of allowable shall not be assigned to any other well or wells projected to or completed in the Douglass, W. (Travis Peak) Field, Little Ears (Pettit Lime) Field, Miyagi (Pettit) Field and the Nacogdoches, E. (James Lime) Field; such duplicate assignment of acreage is not acceptable, provided however, that this limitation shall not prevent the reformation of development or proration units so long as no duplicate assignment of acreage occurs, and further, that such reformation does not violate other conservation regulations.

The operator of any well downhole commingled in the Douglass, W. (Travis Peak) Field, Little Ears (Pettit Lime) Field, Miyagi (Pettit) Field and the Nacogdoches, E. (James Lime) Field shall file the appropriate completion forms and/or other forms as required by the Commission and shall file at the same time the appropriate Commission required administrative Rule 10 exception downhole commingling fee.

Signed this 12th day of November, 2008.

RAILROAD COMMISSION OF TEXAS
(Order approved and signatures affixed by OGC
Unprotested Master Order dated November 12,
2008.)