

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

**OIL AND GAS DOCKET
NO. 08-0251625**

**IN THE PINION (OVERTHRUST) FIELD
PECOS COUNTY, TEXAS**

**FINAL ORDER
CONSOLIDATION OF VARIOUS FIELDS INTO THE
PINION (OVERTHRUST) FIELD AND AMENDING THE FIELD RULES
AS ADOPTED IN FINAL ORDER NO. 8-81,544 ISSUED EFFECTIVE MAY 1, 1984
FOR THE PINION (OVERTHRUST) FIELD, PECOS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 1, 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 Algerita (Ouachita Caballos), Bitterweed, Bitterweed, S. (Caballos), Elsinor (Caballos), Ocotillo (Caballos), Pinion (Caballos) Rio Caballos (Caballos), Sabino (Caballos), Verbina (Tesnus) and Abrojo (Multipay) Fields, located in Pecos County, Texas, be and it is hereby combined into the Pinion (Overthrust) Field, Pecos County, Texas; and from and after said effective date, all records and reports filed with the Commission will show such designation. The field is designated as Associated-Prorated and shall not be subject to Statewide Rule 49(b) allowable restriction.

It is ordered that the Special Field Rules as adopted in Final Order No.8-81,544, issued effective May 1, 1984, as amended, for the Pinion (Overthrust) Field, Pecos County, Texas be and are amended as hereafter set out.

RULE 1: The entire combined correlative interval from 4,701' to 11,043' (the base of the top of the unthrust Woodford Shale) as shown on the log of the Riata Energy, Inc., Longfellow 600-3-Lease Well No. 6 (API No. 42-371-37316), Pecos County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Pinion (Overthrust) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED AND SIXTY-SEVEN (467) feet to any property line, lease line or subdivision line and there shall be no between well spacing requirement. 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 3a: 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 ONE HUNDRED AND SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED AND SIXTY (160) 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 ONE HUNDRED AND SEVENTY-SIX (176) acres may be assigned. No proration unit plats are required.

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.

RULE 3b: 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 ONE HUNDRED AND SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED AND SIXTY (160) acres except as hereinafter provided. No proration unit plats are required.

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 ONE HUNDRED AND SIXTY (160) acres, then and in such event the remaining unassigned acreage up to and including a total of TWENTY (20) acres may be assigned as tolerance acreage to the last well drilled on such lease or may be distributed among any group of wells located thereon, so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission.

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.

RULE 4a: 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 prorable wells producing from this field.

RULE 4b: The daily oil allowable for each individual well shall not be allowable restricted or casinghead gas limited as the field is classified as salvage

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

Done this the 26th day of June, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by OGC
Unprotested Master Order dated June 26, 2007)**