

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

OIL AND GAS DOCKET

**IN THE ALLISON RANCH (WOLFCAMP)
FIELD PECOS COUNTY, TEXAS**

NO. 08-0251626

**FINAL ORDER
CONSOLIDATION OF VARIOUS FIELDS INTO THE
ALLISON RANCH (WOLFCAMP) FIELD AND AMENDING THE FIELD RULES
FOR THE ALLISON RANCH (WOLFCAMP) FIELD, PECOS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 29, 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 GMW (Wolfcamp) (No. 33484 700), Goat Roper (Wolfcamp) (No. 35472 480) , Grey Ranch (Wolfcamp) (No. 36904 750) and the Sierra Madre (Wolfcamp) (No. 83493 900) Fields, located in Pecos County, Texas, be and are hereby combined into the Allison Ranch (Wolfcamp) Field (No. 01814 500), 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 further ordered that the following rules are adopted for the Allison Ranch (Wolfcamp) Field:

RULE 1: The entire combined correlative interval from 2,700' to 4,701' (from top of the Wolfcamp unconformity to the top of the Overthrust formation) 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, be designated as the Allison Ranch (Wolfcamp) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than THREE HUNDRED AND THIRTY (330) 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 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 FORTY (40) acres. No proration unit shall consist of more than FORTY (40) 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 FORTY-FOUR (44) 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 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 proratable 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.

It is further ordered that the allocation formula in the Allison Ranch (Wolfcamp) Field will remain suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Allison Ranch (Wolfcamp) Field drops below 100% of deliverability.

Effective this the 11th day of September, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by OGC
Unprotested Master Order dated September 11,
2007)**