

**RAILROAD COMMISSION OF TEXAS  
OFFICE OF GENERAL COUNSEL  
OIL AND GAS SECTION**

**OIL AND GAS DOCKET  
NO. 06-0226308**

**IN THE LA NANA BAYOU (JAMES  
LIME) FIELD, NACOGDOCHES  
COUNTY, TEXAS**

**FINAL ORDER  
ADOPTING RULES AND REGULATIONS  
FOR THE LA NANA BAYOU (JAMES LIME) FIELD  
NACOGDOCHES COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 27, 2000, 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 following rules shall be adopted for the La Nana Bayou (James Lime) Field, Nacogdoches County, Texas.

**RULE NO 1:** The entire correlative interval from 8,902' to 9,086' as shown on the Platform Express Array Induction Density/Neutron log of the Samson Lone Star, Fern Lake Fishing Club lease Well No. 1, in the Andresbermen Survey, A-10, Nacogdoches County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the La Nana Bayou (James Lime) Field.

**RULE NO. 2:** No vertical gas well 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 therefore shall be filed and will be acted upon in accordance with the provisions of

Commission Statewide Rule 37 and 38, which applicable provisions of said rule 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 NO. 3:** No horizontal drainhole well for gas shall hereafter be drilled nearer than one thousand two hundred (1,200) feet to any other well, completed or drilling in the same field on the same lease, pooled unit, or unitized tract; provided, however, that no between well spacing restriction shall apply (1) between a horizontal drainhole well and any previously existing vertical well, or (2) between the drainholes of two horizontal drainhole wells within the first one hundred (100) feet or the last one hundred (100) feet of either horizontal drainhole well. The minimum well spacing for horizontal drainhole wells shall be governed by the following provisions:

- a. No horizontal drainhole well shall hereafter be drilled such that the penetration point or terminus of a horizontal drainhole within the correlative interval is nearer than one hundred (100) feet to any property line, lease line, or subdivision line.
- b. For each horizontal drainhole the distance measured perpendicular to a horizontal drainhole from any point on such horizontal drainhole to any point on any property line, lease line or subdivision line shall be a minimum of four hundred and sixty seven (467) feet.
- c. A horizontal drainhole well may be developed with multiple lateral drainholes and these lateral drainholes shall not be subject to minimum between well spacing with respect to each other nor subject to drainhole length overlap restrictions.

The aforementioned distances are minimum distances to allow an operator flexibility in locating a well for the purposes of permitting only one well to each drilling 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 exceptions to these rules is desired, application shall be filed and will be acted upon in accordance with the provision of the Commission's Statewide Rule 37 and 38, which applicable provisions of said Rules are incorporated herein by reference.

**RULE NO. 4:** The acreage assigned an 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 SIX HUNDRED AND FORTY (640) acres. No proration unit shall contain more than SIX HUNDRED AND FORTY (640) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each proration unit so that an amount not to exceed a maximum of SEVEN HUNDRED AND FOUR (704) acres may be assigned. The two farthestmost points of any proration unit shall not be in excess of EIGHT THOUSAND FIVE

HUNDRED (8500) feet removed from each other. Each proration unit containing less than SIX HUNDRED AND FORTY (640) 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.

Notwithstanding the above, the acreage assigned a gas well which has been drilled as a horizontal drainhole well may contain more than SIX HUNDRED AND FORTY (640) acres as determined by the following formula:

$$A = (L \times 0.11488) + 640$$

Where A = acreage assignable to a horizontal drainhole for proration purposes;

Where L is the length of the horizontal drainhole that penetrates the designated interval;

Provided, however, that no such calculation shall be made unless L is at least one hundred and fifty (150) feet and provided further that the result shall be rounded upward to the next number of acres evenly divisible by forty (40).

Notwithstanding that the acreage that may be assigned is to be determined by the above formula, horizontal wells may be drilled on units of the size applicable to vertical wells in this field.

Acreage determined by the above formula is the acreage prescribed for assignment to the well, but the operator may assign a lesser amount for allowable purposes.

All points within the correlative interval of the horizontal drainhole well must be within the proration unit and drilling unit.

The maximum diagonal for each proration unit containing a horizontal drainhole well shall not exceed the greater of the maximum diagonal allowed a vertical well with the same acreage assigned or the number of feet determined by the following formula (rounded to the nearest one hundred (100) feet):

Maximum diagonal =  $475.933\sqrt{A}$ , but not less than two thousand (2000) feet plus the horizontal drainhole displacement, where A = the acreage actually assigned to the proration unit.

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 NO. 5:** The maximum daily oil allowable for a well in the field shall be determined

by multiplying the applicable yardstick allowable for a well in the field by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for proration purposes, exclusive of tolerance acreage. The daily oil allowable for a well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

It is further ordered that the administrative suspension of the allocation formula continue in effect as adoption of these rules have no apparent effect.

Effective this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

**RAILROAD COMMISSION OF TEXAS**

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**CHAIRMAN MICHAEL L. WILLIAMS**

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**COMMISSIONER CHARLES R. MATTHEWS**

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**COMMISSIONER TONY GARZA**

**ATTEST:**

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**Secretary**