

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

**OIL AND GAS DOCKET
NO. 06-0257847**

**IN THE ANGIE (JAMES LIME) FIELD,
SHELBY AND SAN AUGUSTINE
COUNTIES, TEXAS**

**FINAL ORDER
AMENDING RULE 2
FOR THE ANGIE (JAMES LIME) FIELD
SHELBY AND SAN AUGUSTINE COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 31, 2008, 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 Field Rule 2 for the Angie (James Lime) Field, Shelby and San Augustine Counties, Texas, adopted in Final Order No. 06-0256748, effective June 24, 2008 is hereby amended. The amended field rule is set out below:

RULE 2: No well for oil or gas shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than SIX HUNDRED SIXTY (660) 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. The standard drilling unit shall remain forty (40) acres per well.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

Notwithstanding the above, there shall be no minimum requirement for between well spacing between horizontal and vertical wells and operators shall be required to file an as-drilled plat showing the path, penetration point and terminus of all drainholes in horizontal wells.

It is further ordered that the allocation formula in the Angie (James Lime) 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 Angie (James Lime) Field drops below 100% of deliverability.

Done this 25th day of August, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated August
25, 2008)**