

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

**OIL AND GAS DOCKET  
NO. 06-0261366**

**IN THE WASKOM (COTTON VALLEY) FIELD  
AND WASKOM (HAYNESVILLE) FIELDS,  
HARRISON, MARION AND PANOLA COUNTIES,  
TEXAS**

**FINAL ORDER  
AMENDING RULE NO. 2  
FOR THE WASKOM (COTTON VALLEY) FIELD AND  
APPROVING BLANKET RULE 10 EXCEPTIONS IN THE  
WASKOM (COTTON VALLEY) FIELD AND  
WASKOM (HAYNESVILLE) FIELDS,  
HARRISON, MARION AND PANOLA COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered dockets heard on April 17, 2009, 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. 06-0256302, effective June 24, 2008, as amended, for the Waskom (Cotton Valley) Field, Harrison and Panola Counties, Texas, is hereby amended. The amended rule is set out as follows:

**RULE 2:** No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than NINE HUNDRED THIRTY THREE (933) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract, provided that this restriction on spacing between horizontal wells shall not apply to horizontal drainholes that are parallel or subparallel (within 45 degrees of parallel) and do not overlap more than FIVE HUNDRED (500) feet. 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 Rules 37 and 38, which applicable provisions of said rules are incorporated herein by reference. Notwithstanding the above, there shall be no minimum between well spacing requirement between horizontal wells and existing vertical wells on the same lease or pooled unit.

Provided, however, that for purposes of the lease line spacing requirement for horizontal

wells, the following shall apply:

- a. A take point in a horizontal drainhole well is any point along a horizontal drainhole where oil and/or gas can be produced from the reservoir/field interval. The first take point may be at a different location than the penetration point and the last take point may be at a location different than the terminus point.
- b. All take points in a horizontal drainhole well shall be a minimum of FOUR HUNDRED SIXTY SEVEN (467) feet from the property line, lease line, or subdivision line. A permit or an amended permit is required for all take points closer to the lease line than the lease line spacing distance, including any perforations added in the vertical portion or the curve of a horizontal drainhole well.
- c. All take points in a horizontal drainhole well shall be a minimum distance of NINE HUNDRED THIRTY THREE (933) FEET from take points in any existing, permitted, or applied for horizontal drainhole on the same lease, unit or unitized tract.

In addition to the penetration point and the terminus of the wellbore required to be identified on the drilling permit application (Form W-1H) and plat, the first and last take points must also be identified on the drilling permit application (remarks section) and plat. Operators shall file an as-drilled plat showing the path, penetration point, terminus and the first and last take points of all drainholes in horizontal wells, regardless of allocation formula.

For any well permitted in this field configured as the above described wells, the penetration point need not be located on the same lease, pooled unit, unitized tract or production sharing agreement tract on which the well is permitted and may be located on an Offsite Tract. When the penetration point is located on such Offsite Tract, the applicant for such a drilling permit must give 21 days notice by certified mail, return receipt requested to the mineral owners of the Offsite Tract. For the purposes of this rule, the mineral owners of the Offsite Tract are (1) the designated operator; (2) all lessees of record for the Offsite Tract where there is no designated operator; and (3) all owners of unleased mineral interests where there is no designated operator or lessee. In providing such notice, applicant must provide the mineral owners of the Offsite Tract with a plat clearly depicting the projected path of the entire wellbore. In the event the applicant is unable, after due diligence, to locate the whereabouts of any person to whom notice is required by this rule, the applicant must publish notice of this application pursuant to the Commission's Rules of Practice and Procedure. If the mineral owners of the Offsite Tract object to the location of the penetration point, the applicant may request a hearing to demonstrate the necessity of the location of the penetration point of the well to prevent waste or to protect correlative rights. Notice of Offsite Tract penetration is not required if (a) written waivers of objection are received from all mineral owners of the Offsite Tract; or, (b) the applicant is the only mineral owner of the Offsite Tract. To mitigate the potential for well collisions, applicant shall promptly provide copies of any directional surveys to the parties entitled to notice under this section, upon request.

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

For the purpose of assigning additional acreage to a horizontal well pursuant to Rule 86, the distance from the first take point to the last take point in the horizontal drainhole shall be used in such determination, in lieu of the distance from penetration point to terminus.

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 Waskom (Cotton Valley) and Waskom (Haynesville) Fields, Harrison, Marion and Panola Counties, Texas, be and it is hereby approved. Production should be reported as follows for proration purposes only as long as the allocation formula is suspended in both the Waskom (Cotton Valley) and Waskom (Haynesville) Fields: 1) Production from commingled wells which include a horizontal completion in the Waskom (Haynesville) Field should be reported in the Waskom (Haynesville) Field, 2) Production from all other commingled wells should be reported in the Waskom (Cotton Valley) 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 Waskom (Cotton Valley) and Waskom (Haynesville) Fields; 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 Waskom (Cotton Valley) and Waskom (Haynesville) Fields 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 18th day of June, 2009.

**RAILROAD COMMISSION OF TEXAS  
(Order approved and signatures affixed by  
OGC Unprotested Master Order dated  
June 18, 2009.)**