

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

**OIL AND GAS DOCKET  
NO. 7C-0247996**

**IN THE OZONA (CANYON SAND) FIELD  
CROCKETT, SCHLEICHER, TERRELL  
AND VAL VERDE COUNTIES, TEXAS**

**FINAL ORDER  
AMENDING RULE NO. 2 OF THE FIELD RULES  
ADOPTED IN FINAL ORDER NO. 7C-54,912  
ISSUED EFFECTIVE JUNE 1, 1965, AS AMENDED,  
FOR THE OZONA (CANYON SAND) FIELD, CROCKETT, SCHLEICHER,  
TERRELL AND VAL VERDE COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on August 15, 2006, 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 Special Field Rule No. 2 as adopted by Order No. 7C-54,912, effective June 1, 1965, as amended, for the Ozona (Canyon Sand) Field are amended as follows:

**RULE 2:** No well for gas shall hereafter be drilled nearer than SIX HUNDRED AND SIXTY (660) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than SIX HUNDRED (600) 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. Notwithstanding the above, there shall be no minimum between well spacing requirement between vertical wells and horizontal drainhole wells on the same lease or pooled unit.

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

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

Done the 12th day of September, 2006.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by OGC  
Unprotested Master Order dated September 12,  
2006)**