

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

**OIL AND GAS DOCKET
No. 8A-0249914**

**APPLICATION OF HALLIBURTON
OPERATING COMPANY TO ADOPT FIELD
RULES FOR THE LONG-HALL (TANNEHILL)
FIELD, KENT COUNTY, TEXAS**

ORDER GRANTING MOTION FOR REHEARING

The Commission has considered on its merits the Motion for Rehearing filed by Halliburton Operating Company on April 16, 2007 and the Motion is hereby **GRANTED** for the purpose of amending Rule 3 of the field rules for the Long-Hall (Tannehill) Field. The amended field rules are set out in their entirety below:

RULE 1: The entire correlative interval from 4,260 feet to 4,290 feet as shown on the log of the Melvina Lease Well No. 1, API No. 263 31751, Section 83, Block 1, H & GN RR Co. Survey, A-47, Kent County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Long-Hall (Tannehill) Field.

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. 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 an oil well for the purpose of allocating allowable 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. The two farthestmost points in any proration unit shall not be in excess of TWO THOUSAND FIVE HUNDRED (2,500) feet removed from each other. Each proration unit containing less than FORTY (40) 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. No double assignment of acreage will be accepted.

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 4: The maximum daily oil allowable for a well in the field shall be determined by multiplying 93 BOPD 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 these rules are temporary and effective until September 29, 2008, or until Commission staff evaluates appropriate data after notice and opportunity for hearing as offered by the Commission prior to the expiration of the rules. After this notice and opportunity for hearing, should the evidence evaluated during review be insufficient to sustain spacing or proration unit rules, these temporary rules, on the Commission's own motion, may be modified or terminated.

Done this 15th day of May, 2007.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by
OGC Unprotested Master Order dated May 15,
2007)