

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET
NO. 05-0256591

IN THE CALVERT (COTTON VALLEY)
FIELD, ROBERTSON COUNTY, TEXAS

FINAL ORDER
APPROVING THE APPLICATION OF
XTO ENERGY INC. FOR NEW FIELD DESIGNATION
AND ADOPTION OF TEMPORARY FIELD RULES
CALVERT (COTTON VALLEY) FIELD
ROBERTSON COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on May 8, 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 the application of XTO Energy Inc. for new field designation for its Moody Gas Unit 2 Well No. 1 is hereby approved. The new field shall be known as the Calvert (Cotton Valley) Field, ID No. 14922 100, Robertson County, Texas.

It is further ordered that the following temporary field rules are hereby adopted for the Calvert (Cotton Valley) Field, Robertson County, Texas:

RULE 1: The entire correlative interval between 10,928 feet and 14,845 feet as shown on the log of the XTO Energy Inc. Skiles Lease, Well No. 1 (API No. 395-31128), G. A. Nixon Survey, A-31, Robertson County, shall be designated as a single reservoir for proration purposes and be designated as the Calvert (Cotton Valley) Field.

RULE 2: No well for gas shall hereafter be drilled nearer than NINE HUNDRED THIRTY THREE (933) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than THREE THOUSAND SEVEN HUNDRED THIRTY FIVE (3,735) 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 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 the 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 FORTY (640) acres. No proration unit shall consist of more than SIX HUNDRED FORTY (640) 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 SEVEN HUNDRED FOUR (704) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of EIGHT THOUSAND FIVE HUNDRED (8,500) feet removed from each other. Each proration unit containing less than SIX HUNDRED 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. No double assignment of acreage will be accepted.

RULE 4: The daily allowable production of gas from individual wells completed in the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the following manner:

FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

NINETY-FIVE percent (95%) of the field's total allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission bears to the summation of the deliverability of all proratable wells producing from the field.

It is further ordered that these rules are temporary and effective until June 1, 2010, 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 29th day of May, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated May 29,
2008)**