

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

**OIL & GAS DOCKET
NO. 8A-0253372**

**RE: THE APPLICATION OF CHOLLA
PETROLEUM, INC. TO SUSPEND THE
ALLOCATION FORMULA IN THE
BOYLES (ATOKA CONGL.) FIELD,
COTTLE COUNTY, TEXAS**

FINAL ORDER

After statutory notice in the above-numbered docket heard on October 16, 2007, the Railroad Commission of Texas makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Notice of at least ten (10) days was given to all operators in the field and no one appeared at the hearing in protest.
2. The Boyles (Atoka Congl.) Field is a non-associated-prorated field which was discovered in 1989. There are two wells in the field operated by two operators. The operators include: Cholla Petroleum Inc. and Sojourner Drilling Corporation.
3. There is no evidence that all operators of producing wells in the subject field do not have 100% market demand for the gas produced from wells under their control.
 - a. Cholla Petroleum Inc. executed Form AOF-2 for the subject field.
 - b. Sojourner Drilling Corporation did not execute Form AOF-2 but did not protest the application.
 - c. Cholla Petroleum Inc.'s investigation of market conditions in the field did not reveal any curtailments of production due to lack of market.
 - d. Cholla Petroleum Inc.'s Boyles Well No. 1 is overproduced by 102.7 MMCF as of August 2007.
4. Suspension of the allocation formula in the Boyles (Atoka Congl.) Field will not cause a pipeline limitation.

CONCLUSIONS OF LAW

1. Proper notice was issued by the Railroad Commission of Texas to persons legally entitled to notice.
2. All things have been done and occurred to give the Railroad Commission of Texas jurisdiction to decide this matter.
3. The subject field meets all the criteria established for suspension of the allocation formula under Statewide Rule 31(j).

Therefore, it is ORDERED by the Railroad Commission of Texas that the application of Cholla Petroleum Inc. for suspension of the allocation formula in the Boyles (Atoka Congl.) Field Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Boyles (Atoka Congl.) Field Field drops below 100% of deliverability. If the market demand for gas in the Boyles (Atoka Congl.) Field drops below 100% of deliverability while the allocation formula is suspended, the operator shall immediately notify the Commission and the allocation formula shall be immediately reinstated. It is further ORDERED by the Railroad Commission of Texas that overproduction be cancelled field wide for the Boyles (Atoka Congl.) Field, Cottle County, Texas, is hereby approved, to be effective December 1, 2007.

Done this 6th day of November, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated
November 6, 2007)**