

EXHIBIT I
Oil & Gas Docket No. 02-0278952
2 pages

VICTOR G. CARRILLO, CHAIRMAN
ELIZABETH A. JONES, COMMISSIONER
MICHAEL L. WILLIAMS, COMMISSIONER



LINDIL C. FOWLER, JR., GENERAL COUNSEL
COLIN K. LINEBERRY, DIRECTOR
HEARINGS SECTION

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

April 21, 2010

Mr. Brian Sullivan
McElroy, Sullivan & Miller, LLP
P.O. Box 12127
Austin, Texas 78711

Re: W-1 of Devon Energy Production Co. L.P. ("applicant") for its proposed Well No. 1H, Taylor-Abney-Obanion (allocation) Unit, Carthage (Haynesville Shale) Field, Harrison County, Texas (RRC Status #692453).

Dear Mr. Sullivan:

I have reviewed the referenced W-1 and, based on information submitted and particularly the representation by applicant that it holds leases covering 100% of each tract traversed by the wellbore and that there are no unleased interests within 330 feet of any point on the wellbore, it appears that applicant has met the minimal good faith claim standard necessary for issuance of a permit.

The Commission expresses no opinion as to whether the leases alone confer the right to drill across lease lines as contended by applicant or whether a pooling agreement or production sharing agreement is also required. However, until that issue is directly addressed and ruled upon by a Texas court of competent jurisdiction it appears that a 100% interest in each of the leases is a sufficient colorable claim to the right to drill a horizontal well as proposed to authorize the removal of the regulatory bar and the issuance of a drilling permit by the Commission, assuming the proposed well is in compliance with all other relevant Commission requirements.

Issuance of the permit is also not an endorsement or approval of the applicant's stated method of allocating production proceeds among component leases or units. All production must be reported to the Commission as production from the lease on which the wellhead is located and reported production volume must be determined by actual measurement of hydrocarbon volumes prior to leaving that lease and may not be based on allocation or estimation. Payment of royalties is a contractual matter between the lessor and lessee. Interpreting the leases and determining whether the proposed proceeds allocation comports with the relevant leases is not a matter within Commission jurisdiction but a matter for the parties to the lease and, if necessary, a Texas court of competent jurisdiction.

For the foregoing reasons, I am returning the application to the Permitting Section for processing with the notation that the applicant has made a sufficient showing of a good faith claim to the right to produce the minerals under the proposed unit such that the good faith claim issue does not bar issuance of a permit.

Mr. Brian Sullivan
April 21, 2010

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This letter reflects the opinion of the undersigned, based on my understanding of relevant statutes, case law, Commission rules and current Commission policy and procedure. The statements in this letter are not, and should not be construed as, a final opinion or decision of the Railroad Commission.

Sincerely,



Colin K. Lineberry, Director
Office of General Counsel
Hearings Section

cc: Lorenzo Garza
RRC Drilling Permits

Application Status # **744730**
SWR Exception Case/Docket No.

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER
This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.

Permit Status: **As Submitted**
The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

1. RRC Operator No. **253162**
2. Operator's Name (as shown on form P-5, Organization Report) **EOG RESOURCES, INC.**

3. Operator Address (include street, city, state, zip):
**ATTN SHAREEN NASH
P O BOX 4362
HOUSTON, TX 77210**

4. Lease Name **KLOTZMAN (ALLOCATION)**
5. Well No. **1H**

6. Purpose of filing (mark ALL appropriate boxes):
 New Drill Recompletion Re-Enter
 Amended Amended as Drilled (GHD) (Also File Form W-1D)
 Field Transfer Re-Enter
 Sidetrack

7. Wellbore Profile (mark ALL appropriate boxes):
 Vertical Horizontal (Also File Form W-1H) Directional (Also File Form W-1D)
 Sidetrack

8. Total Depth **11600**
 9. Do you have the right to develop the minerals under any right-of-way? Yes No
 10. Is this well subject to Statewide Rule 36 (hydrogen sulfide areas)? Yes No

SURFACE LOCATION AND ACREAGE INFORMATION
 11. RRC District No. **02** 12. County **DE WITT** 13. Surface Location Land Bay/Estuary Inland Waterway Offshore
 14. This well is to be located **7.2** miles in a **SW** direction from **WESTHOFF** which is the nearest town in the county of the well site.

15. Section **16** Block **17** Survey **BAKER, 1** 18. Abstract No. **A-89** 19. Distance to nearest lease line: **1** ft. 20. Number of contiguous acres in lease, pooled unit, or unitized tract: **821.54**

21. Lease Perpendiculars: **2253** ft from the **SE** line and **1257** ft from the **SW** line.
 22. Survey Perpendiculars: **909** ft from the **NW** line and **1257** ft from the **SW** line.
 23. Is this a pooled unit? Yes No 24. Unitization Docket No.: 25. Are you applying for Substandard Average Field? Yes No (attach Form W-1A)

FIELD INFORMATION List all fields of anticipated completion including wildcard. List one zone per line.
 26. RRC District No. **27** Field No. **28** Field Name (exactly as shown in RRC records) **29** Well Type **30** Completion Depth **31** Distance to Nearest Well in this Reservoir **32** Number of Wells on this lease in this Reservoir

02	27135750	EAGLEVILLE (EAGLE FORD-2)	Oil or Gas Well	11600	689.00	2
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BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)

Remarks:
 FILER: Jul 16, 2012 1:44 PM: THIS IS AN ALLOCATION WELL WITH 2 LEASES. INTERNAL RULE 37 (1) REQUIRED AND APPLICANT IS OWN OFFSET BETWEEN THESE 2 LEASES. SHOULD THESE LEASES BE POOLED AT A FUTURE DATE, EOG RESOURCES WILL FILE A FORM P-12 TO REFLECT THE POOLING. SEE PSA-12. ADDITIONAL COMMENTS AND ATTACHMENTS. EXPEDITED ADMINISTRATIVE REVIEW & APPROVAL REQUESTED. THANK YOU.

RRC Use Only Data Validation Time Stamp: Jul 16, 2012 1:48 PM (As Submitted Version)
 Name of filer: **Tom Douglass** Date submitted: **Jul 16, 2012**
 Phone: **(512)4956300** E-mail Address (OPTIONAL): **tdouglass@scottDoug.com**

Permit Status: **As Submitted**
The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

**RAILROAD COMMISSION OF TEXAS
 OIL & GAS DIVISION**

Form W-1H
 Supplemental Horizontal Well Information

07/2004

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.

Status # **744730**
 Approved Date:

1. RRC Operator No. **253162** 2. Operator's Name (exactly as shown on form P-5, Organization Report) **EOG RESOURCES, INC.** 3. Lease Name **KLOTZMAN (ALLOCATION)** 4. Well No. **1H**

Lateral Drainhole Location Information

5. Field as shown on Form W-1 **EAGLEVILLE (EAGLE FORD-2) (Field # 27135750, RRC District 02)**

6. Section **7. Block** **8. Survey** **9. Abstract** **10. County of BHT**

HUMPHREY, J **266** **GONZALES**

11. Terminus Lease Line Perpendiculars **NE** line, and **2155** ft. from the **SE** line

12. Terminus Survey Line Perpendiculars **SE** line, and **6775** ft. from the **SW** line

13. Penetration Point Lease Line Perpendiculars **SW** line, and **2462** ft. from the **SE** line

1464 ft. from the **SW** line, and **2462** ft. from the **SE** line

W-1 Remarks continued

**Attachment to Form W-1 Application
To the Railroad Commission of Texas**

**Klotzman (Allocation) Well #1H
Eagleville (Eagle Ford-2) Field
DeWitt County, Texas
By
EOG Resources, Inc.**

Additional Comments:

This well will be drilled across two leases.

Description of the Acres and Acreage Allocation to Wells:

Each lease comprising the drilling unit for this well will contribute some acreage for allocation purposes to the Klotzman (Allocation) Well #1H.

The Georgia Dubose, et ux, to Alfred Glassell, Jr., et al, Lease has 516.569 acres. There is one well applied for or completed in the Eagleville (Eagle Ford-2) Field on this lease, which is the Relilly #1H. (See Attachment "A").

The Georgia Dubose, et al, to Austin P Peirce, Jr., Lease has 304.97 acres. There are currently no wells applied for or completed in the Eagleville (Eagle Ford-2) Field on this lease. (See Attachment "B").

This will be the first Allocation well applied for/completed at this time on the Georgia Dubose, et al, to Austin P Peirce, Jr., Lease and on the Georgia Dubose, et ux, to Alfred Glassell, Jr., et al, Lease in the Eagleville (Eagle Ford-2) Field. (See Attachments "A" and "B").

Acreage will be allocated to the Klotzman (Allocation) Well #1H in the Eagleville (Eagle Ford-2) Field in compliance with the Eagleville (Eagle Ford-2) Field rules and statewide rules, including Statewide Rule 86. It is possible that additional lease or allocation wells may be proposed in the future. The combination of lease and allocation wells on the leases involved will not exceed the density requirements set out in the Eagleville (Eagle Ford-2) Field rules without seeking a density exception pursuant to Rule 38. The appropriate Railroad Commission forms will be filed to reflect the allocation of acreage in compliance with Rule 40. There will be no double assignment of acreage.

The Klotzman (Allocation) Well #1H well bore is not a Rule 37 distance to external lease lines. The well bore will not be closer than the applicable lease line spacing distance to any external lease line. The field rules for the Eagleville (Eagle Ford-2) Field have take point provisions. The first and last take points are different from the penetration and terminus points. The first take point is 2566 feet from the SEL and 1586 feet from the SWL of the Georgia Dubose, et al, to Austin P Peirce, Jr., Lease. The last take point is 2107 feet from the SEL and 920 feet from the North line of the Georgia Dubose, et ux, to Alfred Glassell, Jr., et al, Lease. The lease line spacing rule is 100 feet/330 feet in this field.

With respect to survey lines, the first take point is located 1586 feet from the SWL and 2566 feet from the SEL of the I. Baker Survey, A-89. The last take point is located 920 feet from the NEL and 2107 feet from the SEL line of the J. Humphrey Survey, A-266.

The Klotzman (Allocation) #1H well bore will cross internal lease lines. Therefore, a Rule 37 exception is requested. EOG Resources, Inc., ("EOG") is the operator of each of the leases involved in this application pursuant to authority in the oil and gas leases. EOG has all necessary real property and contractual rights to drill and produce the applied-for well and the legal right to develop and produce the minerals under all acreage assigned to the well. As the operator of tracts that offset the internal lease lines to be crossed, EOG waives notice pursuant to SWR 37(h)(2)(B).

PRODUCTION SHARING
AGREEMENT
CODE SHEET

READ INSTRUCTIONS ON BACK

1. FIELD NAME(S) Eagleville (Eagle Ford - 2)	2. LEASE / ID NO. (if assigned)	3. RRC District No. 2
4. OPERATOR P-S NAME EOG Resources, Inc.	5. OPERATOR P-S NO. 253162	6. WELL NO. 1H
7. SHARING AGREEMENT NAME Klotzman (Allocation)	8. API NO.	9. PURPOSE OF FILING <input checked="" type="checkbox"/> Drilling Permit Application (Form W-1) <input type="checkbox"/> Completion Report
10. COUNTY Dawit	11. TOTAL ACRES 821.539	

Description of Individual Tracts Contained Within the Production Sharing Agreement

TRACT/PLAT IDENTIFIER	TRACT NAME	ACRES IN TRACT	ACREAGE ALLOCATED TO WELL	INDICATE UNDIVIDED INTERESTS		
				UNLEASED	NOT-PARTICIPATING	NON-POOLED
1	Georgia Dubose/Glassell	518.569	48			
2	Georgia Dubose/Pierce - 1	304.97	48			

REMARKS:

CERTIFICATION: I declare under penalties prescribed pursuant to §91.143, Tax. Nat. Res. Code, that this report was prepared by me or under my supervision or direction, that I am authorized to make this report, and that the information contained in this report is true, correct, and complete to the best of my knowledge.

Signature Richard Ryan Name (type/print) Richard Ryan

Title Land Advisor Date: 7-12-12 Phone No. 210403-7836

Email Address (Optional - See instructions for important information): Richard_ryan@egoresources.com

W-1 Attachment "A"

**Lease/Unit: Georgia Dubose/Glassell
Field, Eagleville (Eagle Ford - 2) Field
County: Gonzales**

Total Beginning Acreage.....	516.569
Total Acreage Assigned to Lease Wells (Reilly #1H).....	80.00
Acreage Assigned to Allocation Well:	
Klotzman (Allocation) #1H.....	40.00
Less Total Acres Assigned.....	(120.00)
Remaining Acres.....	396.569

W-1 Attachment "B"

Lease/Unit: Georgia Dubose/Pierce -1
Field: Eagleville (Eagle Ford - 2) Field
County: Gonzales

Total Beginning Acreage.....	304.97
Total Acreage Assigned to Lease Wells.....	0.00
Acreage Assigned to Allocation Well: Klotzman (Allocation) #1H.....	40.00
Less Total Acres Assigned.....	(40.00)
Ending.....	264.97

Penetration Point	Lease	672.0 feet	from the S'LY line and	380.0 feet	from the E'LY line
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Exceptions

Field	Exception	Case Docket Number
CARTHAGE (COTTON VALLEY)	SWR 37 Lease Line	0269622

Comments

Remark	Date Entered	Entered By
Amended to correct survey name only. All other information is the same.	05/11/2011 08:37:01 AM	FILER
Commission Staff expresses no opinion as to whether a 100% ownership interest in each of the leases alone or in combination with a "production sharing agreement" confers the right to drill across lease/unit lines or whether a pooling agreement is also required. However, until that issue is directly addressed and ruled upon by a Texas court of competent jurisdiction it appears that a 100% interest in each of the leases and a production sharing agreement constitute a sufficient colorable claim to the right to drill a horizontal well as proposed to authorize the removal of the regulatory bar and the issuance of a drilling permit by the Commission, assuming the proposed well is in compliance with all other relevant Commission requirements. Issuance of the permit is not an endorsement or approval of the applicant's stated method of allocating production proceeds among component leases or units. All production must be reported to the Commission as production from the lease or pooled unit on which the wellhead is located and reported production volume must be determined by actual measurement of hydrocarbon volumes prior to leaving that tract and may not be based on allocation or estimation. Payment of royalties is a contractual matter between the lessor and lessee. Interpreting the leases and determining whether the proposed proceeds allocation comports with the relevant leases is not a matter within Commission jurisdiction but a matter for the parties to the lease and, if necessary, a Texas court of competent jurisdiction. The foregoing statements are not, and should not be construed as, a final opinion or decision of the Railroad Commission.	05/18/2011 02:44:55 PM	RRC STAFF

Attachments

Attachment Type	File Path	Associated Fields and/or Plats
P-12	McRae-Havgood Alloc 12H PSA.tif	rev711168plat pg1.tif
PLAT #1 (Paper Size: LGL)	rev711168plat pg1.tif	CARTHAGE (COTTON VALLEY)
PLAT #2 (Paper Size: LGL)	rev711168plat pg2.tif	CARTHAGE (COTTON VALLEY)
Other	McRae-Havgood Alloc 12H Remarks Page 1.tif	
Other	McRae-Havgood Alloc 12H Remarks Page 2.tif	
Other	McRae-Havgood Alloc 12H W-1 Attach A.tif	
As Submitted W-1	AsSubmittedW1-5-11-2011.pdf	
As Approved W-1	AsApprovedW1-5-19-2011.pdf	
As Approved Permit	AsApprovedPermit-5-19-2011.pdf	

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