

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

**OIL AND GAS DOCKET  
NO. 10-0247799**

**IN THE MENDOTA, NW. (GRANITE  
WASH) FIELD, HEMPHILL AND  
ROBERTS COUNTIES, TEXAS**

**FINAL ORDER  
AMENDING THE FIELD RULES AND REGULATIONS  
AS ADOPTED BY ORDER NO. 10-71,103 EFFECTIVE JANUARY 29, 1979  
AS AMENDED FOR THE MENDOTA, NW, (GRANITE WASH) FIELD,  
HEMPHILL AND ROBERTS COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 19, 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.

Therefore, it is ordered by the Railroad Commission of Texas that Special Field Rules as adopted in Order No. 10-71,103, issued effective January 29, 1979, for the Mendota, NW. (Granite Wash) Field, Hemphill and Roberts Counties, Texas be and are amended as hereafter set out

**RULE 1:** The entire combined correlative interval from 9,360' MD to 10,814' MD as shown on the Dual Indiction Focused log of the Maxus Exploration Co. Flowers Trust "A" Well No. 2 (API No. 42-393-30671) Section 82, Block B-1, H & GN RR. Survey, Roberts County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Mendota, NW. (Granite Wash) Field.

**RULE 2:** No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED AND SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than TWELVE HUNDRED (1200) 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 3a:** The acreage assigned to the individual oil well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be ONE HUNDRED AND SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED AND SIXTY (160) acres except as hereinafter provided. The two farthestmost points in any proration unit shall not be in excess of FOUR THOUSAND FIVE HUNDRED (4,500) feet removed from each other; provided however, that in the case of long and narrow leases or in cases where because of the shape of the lease such is necessary to permit the utilization of tolerance acreage, the Commission may after proper showing grant exceptions to the limitations as to the shape of proration units as herein contained. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil. No double assignment of acreage will be accepted.

If after the drilling of the last well on any lease and the assignment of acreage to each well thereon in accordance with the regulations of the Commission there remains an additional unassigned acreage of less than ONE HUNDRED AND SIXTY (160) acres, then and in such event the remaining unassigned acreage up to and including a total of FORTY (40) acres may be assigned as tolerance acreage to the last well drilled on such lease or may be distributed among any group of wells located thereon, so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission.

An operator, at his option, shall be permitted to form optional drilling units of EIGHTY (80) acre. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a EIGHTY (80) acre fractional proration unit shall not be greater than THREE THOUSAND TWO HUNDRED AND FIFTY (3,250) feet removed from each other.

**RULE 3b:** 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 ONE HUNDRED AND SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED AND SIXTY (160) 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 ONE HUNDRED AND SEVENTY-SIXTY (176) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of FORTY-FIVE HUNDRED (4,500) feet removed from each other. Each proration unit containing less than ONE HUNDRED AND SIXTY (160) 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.

An operator, at his option, shall be permitted to form optional drilling units of EIGHTY (80)

acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a EIGHTY (80) acre fractional proration unit shall not be greater than THREE THOUSAND TWO HUNDRED AND FIFTY (3,250) feet removed from each other.

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 4a:** The daily allowable production of gas from individual wells completed in a non-associated gas reservoir of 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:

TWENTY-FIVE percent (25%) of the total field allowable shall be allocated equally among the proratable wells in the field.

SEVENTY-FIVE percent (75%) of the total field 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 this field.

The allocation formula shall remained suspended pursuant to Statewide Rule 31(j).

**RULE 4b:** The daily oil allowable for each individual well in the subject field shall be 172 barrels of oil per day and/or determined by the sum total of the following two values:

Each well shall be assigned an allowable equal to its potential based on the most recent W-10 test filed with the Commission multiplied by 75%, provided that this value does not exceed the top allowable established for well above.

The daily per well allowable shall be determined by multiplying 25% by the maximum daily allowable above.

**RULE 5:** The total volume of gas produced from an oil well operating under this net ratio authority shall not exceed 1200 MCF of gas per day. A well's oil allowable shall not be penalized unless the above permitted casinghead gas limit is exceeded.

Done 8th day of August, 2006.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by OGC  
Unprotested Master Order dated August 8, 2006)**