

STATE OF LOUISIANA
OFFICE OF CONSERVATION
BATON ROUGE, LOUISIANA

June 21, 2012

ORDER NO. 289-J-191

Order concerning permission to drill, designate and utilize a horizontal well as an alternate unit well at an exceptional location for **CV RA SU114** in the **BETHANY-LONGSTREET FIELD**, DeSoto Parish, Louisiana.

Pursuant to power delegated under the laws of the State of Louisiana, and particularly Title 30 of the Louisiana Revised Statutes of 1950, and after a public hearing held under **Docket No. 12-381** in Baton Rouge, Louisiana, on **June 12, 2012**, upon the application of **INDIGO MINERALS LLC**, following legal publication of notice and notice in accordance with the rules prescribed by the Commissioner of Conservation, the following Order is issued and promulgated by the Commissioner of Conservation as being reasonably necessary to conserve the natural resources of the State, to prevent waste as defined by law, to avoid the drilling of unnecessary wells, and otherwise to carry out the provisions of the laws of this State.

DEFINITION

The Cotton Valley Formation, Reservoir A, in the Bethany-Longstreet Field, Caddo and DeSoto Parishes, Louisiana, was initially defined in Office of Conservation Order No. 289-J, effective March 1, 1974, was further defined in Order No. 289-J-1, effective April 14, 1977, and was further defined in Order No. 289-J-45, effective August 17, 2004.

FINDINGS

The Commissioner of Conservation finds as follows:

1. That Office of Conservation Order No. 289-J, effective March 1, 1974, as amended and supplemented by the 289-J Series of Orders, established rules and regulations and created drilling and production units for the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A, in the Bethany-Longstreet Field, Caddo and DeSoto Parishes, Louisiana, including the unit designated CV RA SU114.
2. That the available geological, engineering or other appropriate information indicates that it would be reasonable and in the interest of conservation to permit the applicant to drill, designate and utilize a horizontal well as an alternate unit well for CV RA SU114, at the location shown on the plat labeled, "Indigo Minerals LLC - Exhibit No. 1 for Docket No. 12-381", a copy of which is attached hereto, and an exception to the spacing provisions of Office of Conservation Order No. 289-J, effective March 1, 1974, should be approved for all productive portions of the wellbore of this well located at least 330 feet from a unit boundary.
3. That an alternate unit well for CV RA SU114, reference Finding No. 2 hereof, is necessary and in the interest of conservation in order to efficiently and economically drain a portion of the Cotton Valley Formation, Reservoir A, underlying CV RA SU114 which cannot be efficiently and economically drained by any existing well within such unit.
4. That the operator of CV RA SU114 should be permitted to produce the unit allowable from either the unit well, from the alternate unit well, or from a combination of such wells, at the option of the operator.

5. That with respect to the alternate unit well for CV RA SU114, where the horizontal portion of the well is cased and cemented back above the top of the Cotton Valley Formation, Reservoir A, the distance to any unit boundary should be calculated based on the distance to the nearest perforation in the well and not based on the penetration point or terminus; and, if the horizontal portion of the well is cased and completed utilizing a "Packers Plus" or similar method of completion, the distance to any unit boundary should be calculated based on the distance to the closest point in the Cotton Valley Formation, Reservoir A, open to the wellbore.

6. That, except to the extent contrary herewith, the provisions of Office of Conservation Order No. 289-J, effective March 1, 1974, as amended and supplemented by the 289-J Series of Orders, and all applicable Statewide Orders, should remain in full force and effect.

ORDER

NOW, THEREFORE, IT IS ORDERED THAT:

1. The applicant, Indigo Minerals LLC, is hereby authorized to drill, designate and utilize a horizontal well as an alternate unit well for CV RA SU114, at the location shown on the plat labeled, "Indigo Minerals LLC - Exhibit No. 1 for Docket No. 12-381", a copy of which is attached hereto and made a part hereof, and an exception to the spacing provisions of Office of Conservation Order No. 289-J, effective March 1, 1974, is hereby approved for all productive portions of the wellbore of the well located at least 330 feet from a unit boundary.

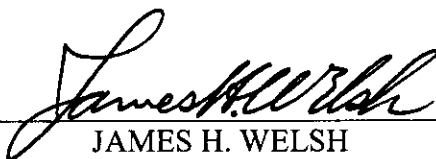
2. The operator of CV RA SU114 is hereby permitted to produce the unit allowable in accordance with Finding No. 4 hereof.

3. With respect to the alternate unit well for CV RA SU114, where the horizontal portion of the well is cased and cemented back above the top of the Cotton Valley Formation, Reservoir A, the distance to any unit boundary shall be calculated based on the distance to the nearest perforation in the well and not based on the penetration point or terminus; and, if the horizontal portion of the well is cased and completed utilizing a "Packers Plus" or similar method of completion, the distance to any unit boundary shall be calculated based on the distance to the closest point in the Cotton Valley Formation, Reservoir A, open to the wellbore.

4. Except to the extent contrary herewith, the provisions of Office of Conservation Order No. 289-J, effective March 1, 1974, as amended and supplemented by the 289-J Series of Orders, and all applicable Statewide Orders, shall remain in full force and effect.

This Order shall be effective on and after June 12, 2012.

OFFICE OF CONSERVATION
OF THE STATE OF LOUISIANA

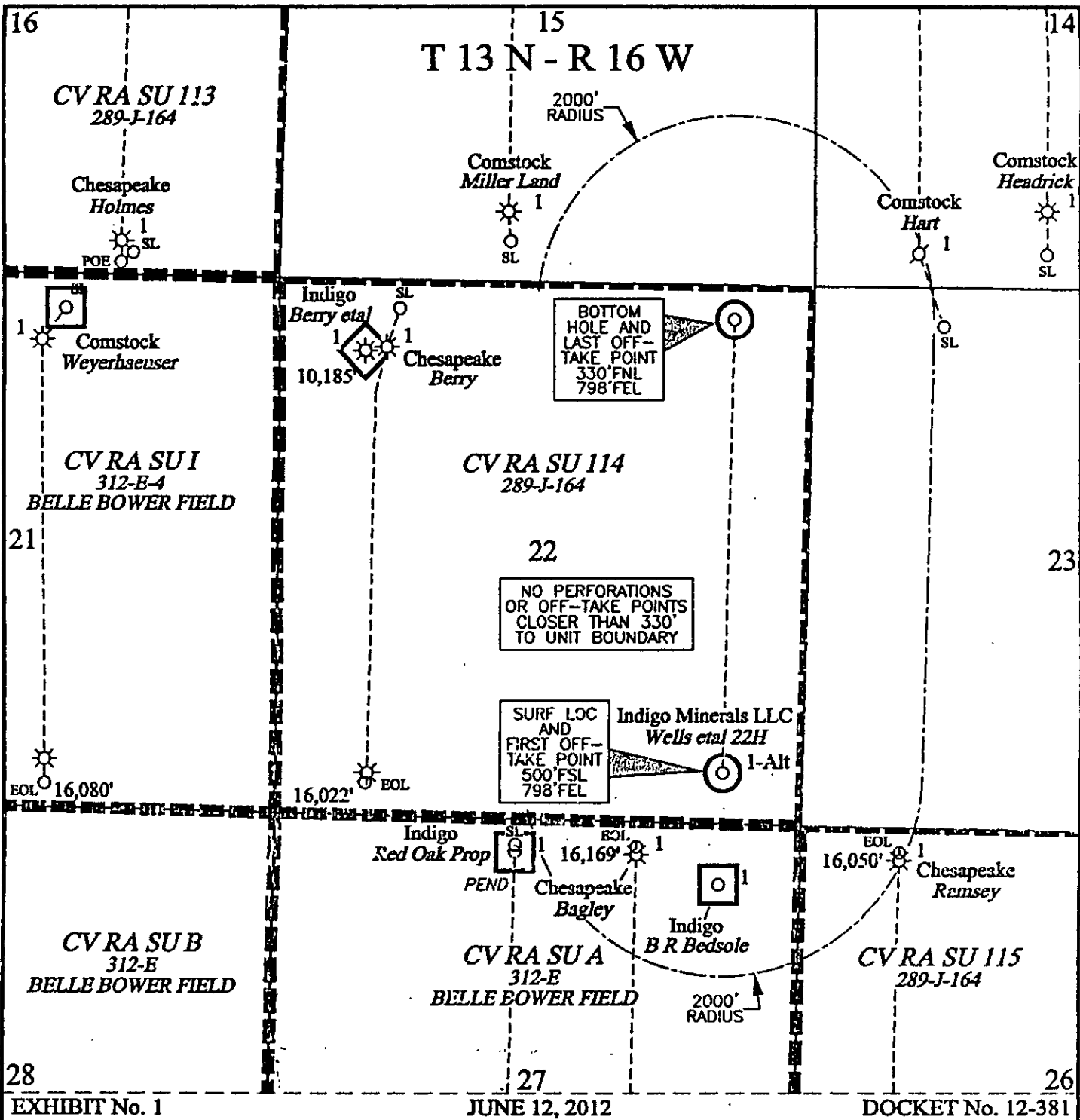


JAMES H. WELSH
COMMISSIONER OF CONSERVATION

ELP 

Indigo Minerals LLC
Exhibit No. 1 for Docket No. 12-381
Attached

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INDIGO MINERALS LLC
HOUSTON, TEXAS

ORDER NO. 289-J-191

BETHANY-LONGSTREET FIELD

DeSOTO PARISH, LOUISIANA

PROPOSED ALTERNATE UNIT WELL
AT EXCEPTIONAL LOCATION FOR
CV RA SU 114

☐ : COTTON VALLEY
RESERVOIR A UNITS
⊙ : PROPOSED ALTERNATE
UNIT WELL

⊙ : EXISTING CV RA UNIT
AND SUBSTITUTE UNIT WELLS
⊙ : EXISTING CV RA
ALTERNATE UNIT WELLS

GEOLOGIST: CRAIG C. DARCLAY

0' 1000' 2000' 1/2 Mile
SCALE OF ORIGINAL 4"=1 MILE

ONLY WELLS > 7700' TD SHOWN