

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

**OIL & GAS DOCKET
NO. 10-0256944**

**RE: THE APPLICATION OF LATIGO
PETROLEUM TEXAS, LP TO SUSPEND
THE ALLOCATION FORMULA IN THE
MEG (GRANITE WASH) FIELD,
HEMPHILL COUNTY, TEXAS**

FINAL ORDER

After statutory notice in the above-numbered docket heard on May 29, 2008, 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 Meg (Granite Wash) Field is a non-associated-prorated field which was discovered in December 1980. There are five wells in the field operated by three operators. The operators include: Latigo Petroleum Texas, LP, Granite Operating Company and Questar Expl. and Prod. Co.
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. Latigo Petroleum Texas, LP and Questar Expl. and Prod. Co. executed Form AOF-2 for the subject field.
 - b. Granite Operating Company did not execute Form AOF-2 but did not protest the application.
 - c. Latigo Petroleum Texas, LP's investigation of market conditions in the field did not reveal any curtailments of production due to lack of market.
4. Suspension of the allocation formula in the Meg (Granite Wash) 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 Latigo Petroleum Texas, LP for suspension of the allocation formula in the Meg (Granite Wash) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Meg (Granite Wash) Field drops below 100% of deliverability. If the market demand for gas in the Meg (Granite Wash) 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.

Done this 24th day of June, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated June
24, 2008)**