RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL AND GAS DOCKET
NO. 02-0251254

IN THE MATAGORDA 560-L
(MIOCENE CONS.) FIELD, CALHOUN
COUNTY, TEXAS

FINAL ORDER
APPROVING THE APPLICATION OF ARENA OFFSHORE, LLC
FOR NEW FIELD DISCOVERY DESIGNATION AND FIELD RULES FOR THE
MATAGORDA 560-L (MIOCENE CONS.) FIELD, CALHOUN COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on
April 11, 2007, 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 the application of Arena
Offshore, LLC for a new field discovery for the Matagorda 560-L (Miocene Cons.) Field (RRC
Field No. 58226-200), Calhoun County, Texas be and hereby is approved.

Therefore, it is ordered by the Railroad Commission of Texas that the following operating
rules shall be adopted for the Matagorda 560-L (Miocene Cons.) Field, Calhoun County, Texas.

RULE 1: The entire combined correlative interval from 6,810' to 7,430' TVD as shown
on the Gamma Ray Resistivity Conductivity log of the Arena Offshore, LLC, Matagorda Island 560-
L S/2 NW/4 Lease Well No. 1 (API No. 42-703-30421), Section G.O.M. State Tract 560-Survey,
Calhoun County, Texas, shall be designated as a single reservoir for proration purposes and be
designated as the Matagorda 560-L (Miocene Cons.) Field.

RULE 2: 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:

FIVE percent (5%) of the total field allowable shall be allocated equally among the
proratable wells in the field.
NINETY-FIVE percent (95%) 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.

Done the 15th day of May, 2007.

RAILROAD COMMISSION OF TEXAS
(Order approved and signatures affixed by OGC Unprotested Master Order dated May 15, 2007)