RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET
IN THE RAYWOOD (YEGUA 10400) FIELD, LIBERTY COUNTY, TEXAS
NO. 03-0228847

FINAL ORDER
APPROVING THE APPLICATION OF SMITH PRODUCTION, INC.
FOR NEW FIELD DESIGNATION AND ADOPTION OF FIELD RULES
FOR THE RAYWOOD (YEGUA 10400) FIELD
LIBERTY COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on July
27, 2001, 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 Smith
Production, Inc. for a New Field Designation to be known as the Raywood (Yegua 10400) Field (No.
74993850), Liberty County, Texas, be and it is hereby approved.

It is further ORDERED by the Railroad Commission of Texas that the following rules shall
be adopted for the Raywood (Yegua 10400) Field, Liberty County, Texas.

RULE 1: The entire correlative interval from 10,170 feet to 10,524 feet as shown on the
induction velocity log of the Smith Production Inc., Mrs. Elizabeth et al Lease Well No. 10, Peter Mason
Survey, Liberty County, Texas, shall be designated as a single reservoir for proration purposes and be
designated as the Raywood (Yegua 10400) 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 all the individual
proratable wells producing from this 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.
Effective this twenty-first day of August, 2001.

RAILROAD COMMISSION OF TEXAS

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Chairman Michael L. Williams

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Commissioner Charles R. Matthews

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Commissioner Tony Garza

ATTEST:

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Secretary