

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

**OIL AND GAS DOCKET
NO. 04-0249171**

**FINAL ORDER
CONSOLIDATING VARIOUS FIELDS INTO A NEW FIELD CALLED
THE INDIAN POINT (UPPER FRIO CONS.) FIELD AND
ADOPTING FIELD RULES FOR THE
INDIAN POINT (UPPER FRIO CONS.) FIELD
NUECES COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 17, 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 the following fields located in Nueces County, Texas, are hereby combined into a new field called the Indian Point (Upper Frio Cons.) Field (No. 44441 800):

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Indian Point (7100) Field	444 41827
Indian Point (E-1) Field	444 41070
Indian Point (E-2) Field	444 41105
Indian Point (E-3) Field	444 41140
Indian Point (E-4) Field	444 41175
Indian Point (8500) Field	444 41840
Indian Point (E-8) Field	444 41210
Indian Point (E-10) Field	444 41245
Indian Point (E-10, NFB) Field	444 41265
Indian Point (F-1) Field	444 41280
Indian Point (F-1,2) Field	444 41315
Indian Point (F-4) Field	444 41350
Indian Point (F-5) Field	444 41385
Indian Point (9100 Sand) Field	444 41875

Indian Point (F-8) Field	444 41420
Indian Point (F-8 Lower) Field	444 41427
Indian Point (F-9 9400) Field	444 41455
Indian Point (9550 Sand) Field	444 41910
Indian Point (9600) Field	444 41945
Indian Point (F-10) Field	444 41490
Indian Point (F-12 9700 #1) Field	444 41665
Indian Point (F-12 9700 #2) Field	444 41700
Indian Point (F-14) Field	444 41715
Indian Point (Morris) Field	444 41786

It is further ordered that the following rules are adopted for the Indian Point (Upper Frio Cons.) Field:

RULE 1: The entire correlative interval between 7,020 feet and 10,170 feet, as shown on the log of the State Tract 786 well No. 8, API No. 355-06056, Nueces Bay State Tract 786, Nueces County, shall be designated as a single reservoir for proration purposes and be designated as the Indian Point (Upper Frio Cons.) Field.

RULE 2: No well shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line. There is no between-well spacing limitation for wells in this field. The standard drilling unit shall remain forty (40) acres per well.

RULE 3a: The field shall be classified as associated-prorated. The daily allowable production of gas from individual wells completed in 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 field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

NINETY-FIVE percent (95%) of the field's total 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 the field.

Rule 3b: The maximum daily oil allowable for each well in the subject field shall be 172 barrels of oil per day, and the actual allowable for an individual well shall be determined by the sum total of the two following values:

- a. Each well shall be assigned an allowable equal to its potential based on the most recent well test filed with the Commission multiplied by 95%, provided that this value shall not exceed the maximum daily allowable multiplied by 95%.

- b. Each well shall be assigned an allowable equal to 5% of the maximum daily oil allowable above.

Done this 19th day of December, 2006.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated
December 19, 2006)**