

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

**OIL AND GAS DOCKET
NO. 04-0254357**

**FINAL ORDER
CONSOLIDATING VARIOUS BECCERO CREEK FIELDS
INTO A NEW FIELD CALLED
THE BECCERO CREEK (LOBO CONS.) FIELD AND
ADOPTING FIELD RULES FOR THE
BECCERO CREEK (LOBO CONS.) FIELD
WEBB COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 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 Beccero Creek (Lobo 1) Field (No. 06585250), Beccero Creek (Lobo 2) Field (No. 06585300), Beccero Creek (Lobo 6) Field (No. 06585450) and the Beccero Creek (Wilcox, Lo.) Field (No. 06585500) located in Webb County, Texas, are hereby combined into a new field called the Beccero Creek (Lobo Cons.) Field (No. 06585200):

It is further ordered that the following rules are adopted for the Beccero Creek (Lobo Cons.) Field:

RULE 1: The entire correlative interval from 7,290 feet to 8,600 feet as shown on the log of the Mobile Exploration and Producing U.S. Inc., South Callaghan Ranch No. 102, API No. 479-35647, T. and N.O.R.R. Co. Survey, A-1771, Webb County, shall be designated as a single reservoir for proration purposes and be designated as the Beccero Creek (Lobo Cons.) Field.

RULE 2: No oil or gas well shall hereafter be drilled nearer than ONE HUNDRED FIFTY (150) feet to any property line, lease line or subdivision line and there is no between-well spacing limitation for wells in this field. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well. The Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission determines that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When

exception to these rules is desired, application therefor shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rules 37 and 38, which applicable provisions of said rules are incorporated herein by reference.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The acreage assigned to the individual gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be FORTY (40) acres. No proration unit shall consist of more than FORTY (40) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of FORTY-FOUR (44) acres may be assigned.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres.

Operators shall not be required to file Form P-15 or proration unit plats for any well in the field, except for horizontal wells pursuant to Rule 86(f)4.

RULE 4: 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 prorable 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 prorable wells producing from the field.

It is further ordered that the allocation formula in the Beccero Creek (Lobo Cons.) Field will be suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the Beccero Creek (Lobo Cons.) Field drops below 100% of deliverability.

Done this 28th day of January, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
January 28, 2008)**