

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

**OIL AND GAS DOCKET
NO. 04-0256749**

**IN THE FLOWELLA (VICKSBURG DEEP)
FIELD, BROOKS AND KLEBERG
COUNTIES, TEXAS**

**FINAL ORDER
CONSOLIDATING VARIOUS FLOWELLA FIELDS INTO
THE FLOWELLA (VICKSBURG DEEP) FIELD AND
ADOPTING FIELD RULES FOR THE
FLOWELLA (VICKSBURG DEEP) FIELD
BROOKS AND KLEBERG COUNTIES TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on May 13, 2008, 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 Brooks and Kleberg Counties, Texas, are hereby combined into a new field called the Flowella (Vicksburg Deep) Field, Field ID No. 31591 400.

<u>FIELD NAME</u>	<u>FIELD ID NUMBER</u>
Flowella (Vicksburg 5)	31591 500
Flowella (Vicksburg 10400)	31591 600
Flowella (Vicksburg 10100)	31591 550
Flowella (Vicksburg 10300)	31591 580
Flowella (Vicksburg Z06)	31591 700

It is further ordered by the Commission that the following rules are hereby adopted for the Flowella (Vicksburg Deep) Field:

RULE 1: The entire correlative interval from 9,804 feet to 11,880 feet, as shown on the log of the Sullivan Well No. 15, API 42-047-32225, FG Chapa Survey, A-98, Brooks

County shall be designated as a single reservoir for proration purposes and be designated as the Flowella (Vicksburg Deep) Field.

RULE 2: No well for gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than NINE HUNDRED THIRTY THREE (933) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well, and the above spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and proration unit in either field. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined 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.

RULE 3: The acreage assigned to an 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. The two farthestmost points in any proration unit shall not be in excess of TWO THOUSAND ONE HUNDRED (2,100) feet removed from each other. Each proration unit containing less than FORTY (40) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

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

RULE 4: The Flowella (Vicksburg Deep) Field shall be classified as non-associated. 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.

It is further ordered by the Commission that all wells ever completed in Flowella (Vicksburg Deep) Field, Brooks and Kleberg Counties, Texas shall be permanently classified as gas wells, without the need of further administrative review.

It is further ordered by the Commission that the application of Erskine Energy, LLC for suspension of the allocation formula in the Flowella (Vicksburg Deep) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Flowella (Vicksburg Deep) Field drops below 100% of deliverability. If the market demand for gas in the Flowella (Vicksburg Deep) 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.

Wells in the subject fields shall be transferred into the Flowella (Vicksburg Deep) Field without requiring new drilling permits.

Done this 12th day of August, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated August
12, 2008)**