

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

**OIL AND GAS DOCKET
NO. 04-0267026**

**IN THE INDIAN POINT (FRIO CONS.)
FIELD, NUECES AND SAN PATRICIO
COUNTIES, TEXAS**

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

The Commission finds that after statutory notice in the above-numbered docket heard on October 14, 2010, 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 Indian Point (Upper Frio Cons.), ID No. 44441 800, and Indian Point (Lower Frio Cons.), ID No. 44441 780, Fields located in Nueces and San Patricio Counties, Texas, are hereby combined into a new field called the Indian Point (Frio Cons.) Field, ID No. 44441 775.

It is further **ORDERED** that the following Field Rules are adopted for the Indian Point (Frio Cons.) Field:

RULE 1: The entire correlative interval from 7,020 feet to 12,210 feet as shown on the log of the Forest Oil Corporation and Mobil Oil Company - State Tract 786 Lease, Well No. 8 (API No. 42-355-06056), Nueces Bay State Tract 786, Nueces County, shall be designated as a single reservoir for proration purposes and be designated as the Indian Point (Frio Cons.) Field.

RULE 2: No well for oil or gas 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 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. 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. The standard drilling unit shall remain FORTY (40) acres per well.

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

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 the applicable Yardstick Allowable 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.

It is further **ORDERED** by the Commission that the application of EOG Resources, Inc. for suspension of the allocation formula in the Indian Point (Frio Cons.) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Indian Point (Frio Cons.) Field drops below 100% of deliverability. If the

market demand for gas in the Indian Point (Frio Cons.) 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.

Done this 2nd day of November, 2010.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated
November 2, 2010)**