

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
OIL AND GAS SECTION**

**OIL AND GAS DOCKET
NO. 6E-0232243**

**IN THE EAST TEXAS FIELD, RUSK
COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF MISSION RESOURCES CORPORATION
TO CONSIDER THE SOUTH KILGORE UNIT
AS AN ENTITY FOR DENSITY PURPOSES
IN THE EAST TEXAS FIELD
RUSK COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 2, 2002, 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.

FINDINGS OF FACT

1. Notice of this hearing was issued to all offset operators and unleased mineral interest owners on August 30, 2002.
2. Notice of this hearing was published in the Henderson Daily News, a newspaper of general circulation in Rusk County, on September 4, 11, 18 and 25, 2002.
3. The East Texas Field rules requires five acre density and that wells be 330' from lease lines and 660 apart; any exception to Statewide Rule 37 requires a hearing.
4. The South Kilgore Unit was approved June 30, 1998, under Oil & Gas Docket No. 6E-0219245, in a portion of the field that is not connected to the main aquifer.
5. The eastern and southern edges of the unit follow the approximate pinch-out line of the Kennedy Sand, which is the producing member of the Woodbine Formation on this unit.
6. The unit is just to the east and south of the approximate updip limit of aquifer support in the field.
7. Injection began in 1999, and has since increased the reservoir pressure under this unit sufficiently to cause the recovery of an additional 905,000 BO.
8. The operator of the South Kilgore Unit intends to drill five additional wells to improve the waterflood efficiency and four of these wells will require between-well Rule 37 exceptions.
9. Treating the South Kilgore Unit as a entity for density purposes will allow the waterflood to be developed further without requiring unnecessary hearings for Rule 37 exceptions.

CONCLUSIONS OF LAW

1. Proper notice was issued by the Railroad Commission of Texas.
2. All things have been done and occurred to give the Railroad Commission of Texas jurisdiction to decide this matter.
3. Treating the South Kilgore Unit as an entity for density purposes will prevent waste and promote conservation.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that Mission Resources Corporation be granted exception to the density and spacing rules of the East Texas Field for its South Kilgore Unit, subject to the following terms and conditions:

1. The unit's density will not exceed that authorized by applicable field rules, which currently allow one producing well for each FIVE (5) productive acres, within the limits of the unit.
2. That no well under the provisions of this order will be drilled closer than the applicable lease/unit line spacing rule, currently THREE HUNDRED THIRTY (330) feet to the unit boundary, without first having given 10 days notice to offset operators and after public hearing, if protest to such proposed location is filed with the Commission.
3. That all applications to drill wells (Form W-1) under the authority of this order be submitted to the Rule 37 Department for approval.

Done this twenty-first day of October, 2002.

RAILROAD COMMISSION OF TEXAS

Chairman Michael L. Williams

Commissioner Charles R. Matthews

Commissioner Tony Garza

ATTEST:

Secretary