

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

**OIL AND GAS DOCKET
NO. 02-0254504**

**IN THE MESCALERO (WILCOX J SAND)
FIELD, GOLIAD COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF
BLUESTONE NATURAL RESOURCES LLC FOR NEW FIELD DESIGNATION
MESCALERO (WILCOX J SAND) FIELD
GOLIAD COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 20, 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 application of Bluestone Natural Resources LLC for new field designation for its Gentry Powell Well No. 1 is hereby approved. The new field shall be known as the Mescalero (Wilcox J Sand) Field, Field No. 60750 800, Goliad County, Texas.

It is further ordered that the following field rules are hereby adopted for the Mescalero (Wilcox J Sand) Field, Goliad County, Texas:

RULE 1: The entire correlative interval between 9,300 feet and 10,500 feet, as shown on the log of the Gentry Powell Well No. 1 (API 175 33970), J. P. Borden Survey, A-71, Goliad County, shall be designated as a single reservoir for proration purposes and be designated as the Mescalero (Wilcox J Sand) Field.

RULE 2: 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 proratable wells producing from the field.

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)**