

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

**OIL AND GAS DOCKET
NO. 03-0255496**

**IN THE CLEVELAND, SOUTHEAST
(WILCOX) FIELD, LIBERTY COUNTY,
TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF
BALLARD EXPLORATION COMPANY, INC.
FOR NEW FIELD DESIGNATION
CLEVELAND, SOUTHEAST (WILCOX) FIELD
LIBERTY COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 3, 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 application of Ballard Exploration Company, Inc. for new field designation for its Shirley Gay Well No. 1 is hereby approved. The new field shall be known as the Cleveland, Southeast (Wilcox) Field, Field No. 18938 500, Liberty County, Texas.

It is further ordered that the following field rules are hereby adopted for the Cleveland, Southeast (Wilcox) Field, Liberty County, Texas:

RULE 1: The entire correlative interval between 9,608 feet and 10,500 feet, as shown on the log of the Shirley Gay Well No. 1 (API 291 32680), Stephen Nicholson Survey, A-90, Liberty County, shall be designated as a single reservoir for proration purposes and be designated as the Cleveland, Southeast (Wilcox) 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 8th day of April, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated April 8,
2008)**