

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

**OIL AND GAS DOCKET
NO. 04-0225620**

**IN THE MONTE CHRISTO, N.
(VICKSBURG S), MONTE CHRISTO , N.
(VICKSBURG T), AND MONTE CHRISTO
N (VICKSBURG T LO) FIELDS,
HIDALGO COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF COASTAL OIL & GAS CORPORATION
FOR NEW FIELD DESIGNATIONS AND ADOPTION OF FIELD RULES
AND RULE 10 EXCEPTION FOR ITS HOUTS LEASE WELL NO. 1
MONTE CHRISTO, N. (VICKSBURG S) FIELD,
MONTE CHRISTO, N. (VICKSBURG T) FIELD, AND
MONTE CHRISTO N (VICKSBURG T LO) FIELD
HIDALGO COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on August 14, 2000, 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 Coastal Oil & Gas Corporation for three New Field Designations to be known as the Monte Cristo, N. (Vicksburg S) Field (No. 62558 960); Monte Cristo, N. (Vicksburg T) (No. 62558 970); and Monte Cristo N (Vicksburg T Lo) (No. 62558 975), Hidalgo County, Texas, be and they are hereby approved.

It is further **ORDERED** by the Railroad Commission of Texas that the following field Rules be and are hereby adopted for the Monte Cristo, N. (Vicksburg S) Field; Monte Cristo, N. (Vicksburg T) Field; and Monte Cristo N (Vicksburg T Lo) Field.

RULE 1:

(a): The entire correlative interval from 13,837 feet to 14,430 feet as shown on the Gamma Ray log of the Coastal Oil & Gas Corporation Houts Lease Well No. 1, M. Gomez Survey, Hidalgo County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Monte Cristo, N. (Vicksburg S) Field.

(b): The entire correlative interval from 15,169 feet to 16,480 feet as shown on the Gamma Ray log of the Coastal Oil & Gas Corporation Houts Lease Well No. 1, M. Gomez Survey, Hidalgo County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Monte Cristo, N. (Vicksburg T) Field.

(c): The entire correlative interval from 16,745 feet to 17,820 feet as shown on the Gamma Ray log of the Coastal Oil & Gas Corporation Houts Lease Well No. 1, M. Gomez Survey, Hidalgo County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Monte Cristo N (Vicksburg T Lo) 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. 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 3: The daily allowable production of gas from individual wells completed in a non-associated gas reservoir of each of the subject fields 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 total allowable for each field shall be allocated equally among all the individual prorable wells producing from that field.

NINETY-FIVE percent (95%) of the total allowable for each field 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 prorable wells producing from that field.

It is further **ORDERED** by the Railroad Commission of Texas that the application of Coastal Oil & Gas Corporation for exception to Statewide Rule 10 for its Houts Lease Well No.1 in the Monte Christo, N. (Vicksburg S) Field; Monte Christo, N. (Vicksburg T) Field; and Monte Christo N (Vicksburg T Lo) Field, Hidalgo County, Texas, be and it is hereby approved. Such commingled production as is produced from the Houts Lease Well No. 1 shall be assigned to the Monte Christo, N. (Vicksburg S) Field for proration purposes.

Further, acreage assigned to the Houts Lease Well No. 1 for allocation of allowable shall not be assigned to any other well or wells projected to or completed in the Monte Christo, N. (Vicksburg S) Field; Monte Christo, N. (Vicksburg T) Field; and Monte Christo N (Vicksburg T Lo) Field; such duplicate assignment of acreage is not acceptable, provided however, that this limitation shall not prevent the reformation of development or proration units so long as no duplicate assignment of acreage occurs, and further, that such reformation does not violate other conservation regulations.

Done this twenty-fifth day of September, 2000.

RAILROAD COMMISSION OF TEXAS

Chairman Michael L. Williams

Commissioner Charles R. Matthews

Commissioner Tony Garza

ATTEST

Secretary