

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

**OIL AND GAS DOCKET  
NO. 04-0227722**

**IN THE SAMANO (FOURTH MASSIVE)  
FIELD, STARR COUNTY, TEXAS**

**FINAL ORDER  
APPROVING THE APPLICATION OF COASTAL OIL & GAS CORPORATION  
FOR NEW FIELD DESIGNATION AND ADOPTION OF FIELD RULES  
FOR THE SAMANO (FOURTH MASSIVE) FIELD  
STARR COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 29, 2001, 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 new field designation to be known as the Samano (Fourth Massive) Field, ID No. \_\_\_\_\_, Starr County, Texas, is hereby approved.

It is further ordered by the Railroad Commission of Texas that the following field rules are hereby adopted for the Samano (Fourth Massive) Field.

**RULE 1:** The entire correlative interval from 8,523 feet to 9,469 feet as shown on the log of the Samano Lease Well No. 19, Porcion 38, Juan Vega Survey, A-280, Starr County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Samano (Fourth Massive) 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 in either field. 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 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.

Effective this 24th day of April, 2001.

**RAILROAD COMMISSION OF TEXAS**

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**CHAIRMAN MICHAEL L. WILLIAMS**

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**COMMISSIONER CHARLES R. MATTHEWS**

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**COMMISSIONER TONY GARZA**

**ATTEST:**

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**Secretary**