

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

**OIL AND GAS DOCKET
NO. 04-0244579**

**IN THE ALTO BONITO (YEGUA)
FIELD, STARR COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF KERR-MCGEE ONSHORE LLC
FOR NEW FIELD DISCOVERY DESIGNATION AND FIELD RULES FOR THE
ALTO BONITO (YEGUA) FIELD, STARR COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 3, 2005, 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.

It is ordered by the Railroad Commission of Texas that the application of Kerr-McGee Onshore LLC for new field discovery for the Alto Bonito (Yegua) Field (RRC Field No. 02088-550), Starr County, Texas be and hereby is approved.

Further, it is ordered by the Railroad Commission of Texas that the following rules shall be adopted for the Alto Bonito (Yegua) Field, Starr County, Texas.

RULE 1: The entire combined correlative interval from 6,360' to 6,604' as shown on the HRI/HDIL Spectral Density Dual Spaced Neutron log of the Kerr-McGee Oil & Gas Onshore, Frost National Bank -B- Lease Well No. 36 (API No. 42-427-33835), Por. 96, Ygnacio Trevino Survey, A-273, Starr County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Alto Bonito (Yegua) Field.

RULE 2: 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 total field allowable shall be allocated equally among the proratable wells in the field.

NINETY FIVE percent (95%) of the total field 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 prorable wells producing from this field.

Done this the _____ day of _____, 2005.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by OGC
Unprotected Master Order dated _____,
2005)**