

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

**OIL AND GAS DOCKET  
NO. 04-0247389**

**IN THE MCALLEN RANCH (VKSBG W-Y)  
FIELD, HIDALGO COUNTY, TEXAS**

**FINAL ORDER  
APPROVING THE APPLICATION OF  
EOG RESOURCES, INC. FOR NEW FIELD DESIGNATION  
MCALLEN RANCH (VKSBG W-Y) FIELD  
HIDALGO COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on May 30, 2006, 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 EOG Resources, Inc. for new field designation for its Beaurline No. 1 is hereby approved. The new field shall be known as the McAllen Ranch (Vksbg W-Y) Field, ID No. 58742 908, Hidalgo County, Texas.

It is further ordered that the following field rules are hereby adopted for the McAllen Ranch (Vksbg W-Y) Field, Hidalgo County, Texas:

**RULE 1:** The entire correlative interval between 13,540 feet and 14,950 feet, as shown on the log of the Beaurline No. 1 (API 215 33421), Section 18, M. Gomez Survey, A-63, Hidalgo County, shall be designated as a single reservoir for proration purposes and be designated as the McAllen Ranch (Vksbg W-Y) Field.

**RULE 2:** No gas well shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line. There is no between-well spacing limitation for wells in this field. The aforementioned distance is the minimum distance to allow an operator flexibility in locating a well. 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 Rule 37, which applicable provisions of said rule is incorporated herein by reference.

RULE 3: The standard drilling unit shall be forty (40) acres per well. Plats and P-15's shall not be required.

RULE 4: 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 prorable wells producing from the field.

Done this 20<sup>th</sup> day of June, 2006.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated June  
20, 2006)**