RAILROAD COMMISSION OF TEXAS OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 7C-0254359 IN THE SPRABERRY (TREND AREA) FIELD, UPTON COUNTY, TEXAS

FINAL ORDER CANCELLING OVERPRODUCTION FOR THE TERRACE PETROLEUM CORPORATION - TXL "19" LEASE IN THE SPRABERRY (TREND AREA) FIELD UPTON COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on January 4, 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 all overproduction for the Terrace Petroleum Corporation - TXL "19" Lease (16304) in the Spraberry (Trend Area) Field, Upton County, Texas is hereby canceled.

Done this 11th day of March, 2008.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by OGC Unprotested Master Order dated March 11, 2008)