

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

**OIL AND GAS DOCKET
NO. 02-0246969**

**IN THE FALLS CITY (WILCOX CONS.)
FIELD, KARNES COUNTY, TEXAS**

**FINAL ORDER
CONSOLIDATING FIELDS INTO A NEW FIELD CALLED THE
FALLS CITY (WILCOX CONS.) FIELD AND
ADOPTING FIELD RULES FOR THE FALLS CITY (WILCOX CONS.) FIELD
KARNES COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on May 9, 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 fields listed in Attachment "A" are hereby consolidated into a new field called the Falls City (Wilcox Cons.) Field, Karnes County, Texas, Field No. 30119 740.

It is further ordered that the following field rules are adopted for the Falls City (Wilcox Cons.) Field:

RULE 1: The entire correlative interval between 4,100 feet and 6,440 feet, as shown on the log of the V. T. Moczygemga No. 11, API No. 255 30156, L. Manchaca Survey, A-5, Karnes County, shall be designated as a single reservoir for proration purposes and be designated as the Falls City (Wilcox Cons.) Field.

RULE 2: No well shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than SIX HUNDRED SIXTY (660) 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.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The acreage assigned to an individual well in the Falls City (Wilcox Cons.) Field shall be known as a proration unit. The standard drilling and proration units are established hereby to be TWENTY (20) acres.

If after the drilling of the last well on any lease or unit and the assignment of acreage to each well thereon in accordance with the regulations of the Commission, there remains an additional unassigned acreage of less than TWENTY (20) acres, then and in such event the remaining unassigned acreage up to and including a total of FIFTEEN (15) acres may be assigned as tolerance acreage to the last well drilled on such lease or unit, or may be distributed among any group of wells located thereon so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission.

Operators shall not be required to file plats showing the individual proration units for wells in the field.

RULE 4a: The subject field shall be classified as associated-prorated and the daily allowable production of gas from individual gas 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:

- a. FIFTY percent (50%) 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.
- b. FIFTY percent (50%) of the field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

RULE 4b: The maximum daily oil allowable for each well in the subject field shall be 70 barrels of oil per day, and the actual allowable for an individual well shall be determined by the sum total of the two following values:

- a. Each well shall be assigned an allowable equal to its potential based on the most recent well test filed with the Commission multiplied by 50%, provided that this value shall not exceed the maximum daily allowable multiplied by 50%.
- b. Each well shall be assigned an allowable equal to 50% of the maximum daily oil allowable above.

Done this 20th day of June, 2006.

RAILROAD COMMISSION OF TEXAS

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

ATTACHMENT "A"

FIELD NAME	FIELD NO.
FALLS CITY (BONER)	30119 375
FALLS CITY (BRAN)	30119 530
FALLS CITY (LBAR)	30119 510
FALLS CITY (LFA)	30119 540
FALLS CITY (LMA)	30119 560
FALLS CITY (LMAUM)	30119 570
FALLS CITY (LMOC)	30119 620
FALLS CITY (LOL)	30119 600
FALLS CITY (LPA)	30119 660
FALLS CITY (MAG)	30119 595
FALLS CITY (MAGUGLIN UPPER)	30119 597
FALLS CITY (MMA)	30119 580
FALLS CITY (POTH A)	30119 598
FALLS CITY (S)	30119 680
FALLS CITY (S3)	30119 700
FALLS CITY (UBAR)	30119 520
FALLS CITY (UFA)	30119 550
FALLS CITY (UMA)	30119 590
FALLS CITY (UMOC)	30119 630
FALLS CITY (UOL)	30119 610
FALLS CITY (UPA)	30119 670
FALLS CITY (WILCOX 4350)	30119 500
FALLS CITY (4200 SAND)	30119 750
FALLS CITY (4400)	30119 780
FALLS CITY (4460)	30119 800