

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

**OIL AND GAS DOCKET  
NO. 02-0247793**

**IN THE TULSITA-WILCOX (MWC) FIELD,  
BEE, GOLIAD AND KARNES COUNTIES,  
TEXAS**

**FINAL ORDER  
CONSOLIDATING THE TULSITA-WILCOX (ERA),  
TULSITA-WILCOX (8,900) AND MEAGAN (WILCOX 9000) FIELDS  
INTO A NEW FIELD TO BE KNOWN AS  
TULSITA-WILCOX (MWC) FIELD  
AND ADOPTING OPERATING RULES AND REGULATIONS  
FOR THE TULSITA-WILCOX (MWC) FIELD  
BEE, GOLIAD AND KARNES COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 18, 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 for which service was waived by parties of record; 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 Tulsita-Wilcox (Era) Field; Tulsita-Wilcox (8,900) Field and the Meagan (Wilcox 9000) Field be and they are hereby combined and recognized as one field, to be known as the Tulsita-Wilcox (MWC) Field (No. 12649-160), Bee, Goliad and Karnes Counties, Texas; and from and after said effective date, all records and reports filed with the Commission will show such designation.

It is further **ORDERED** by the Railroad Commission of Texas that the following operating rules shall be adopted for the Tulsita-Wilcox (MWC) Field, Bee, Goliad and Karnes Counties, Texas.

RULE 1: The entire correlative interval from 8928 feet to 9765 feet as shown on the resistivity-porosity log of the Pennzoil Production Company (now Legend Natural Gas II, LP.) NPU (Porter) Lease, Well No. 5, API No. 255 31326, B & B Survey, A-413, Karnes County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Tulsita-Wilcox (MWC) 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 TWELVE HUNDRED (1200) 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 the individual gas well for the purpose of allocating allowable gas production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be ONE HUNDRED SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED SIXTY (160) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of ONE HUNDRED SEVENTY-SIX (176) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of 4700 (FOUR THOUSAND SEVEN HUNDRED) feet removed from each other. Each proration unit containing less than ONE HUNDRED SIXTY (160) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling units of FORTY (40) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthestmost points of a FORTY (40) acre fractional proration unit shall not be greater than TWO THOUSAND ONE HUNDRED (2100) feet removed from each other.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

RULE 4: 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 individual prorable wells producing from this 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 proratable wells producing from this field.

It is further **ORDERED** that the application of Legend Natural Gas II, LP. for suspension of the allocation formula in the Tulsita-Wilcox (MWC) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Tulsita-Wilcox (MWC) Field drops below 100% of deliverability. If the market demand for gas in the Tulsita-Wilcox (MWC) Field drops below 100% of deliverability while the allocation formula is suspended, the operator shall immediately notify the Commission and the allocation formula shall be immediately reinstated.

Done this eighth day of August, 2006.

**RAILROAD COMMISSION OF TEXAS**  
**(Order approved and signatures affixed by**  
**OGC Unprotested Master Order dated**  
**August 8, 2006.)**