

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

**OIL AND GAS DOCKET
NO. 03-0249169**

**IN THE DUNCAN SLOUGH (FRIO
CONS.) FIELD, BRAZORIA AND
MATAGORDA COUNTIES, TEXAS**

**FINAL ORDER
CONSOLIDATING VARIOUS FIELDS INTO THE
DUNCAN SLOUGH (FRIO CONS.) FIELD AND
ADOPTING FIELD RULES FOR THE DUNCAN SLOUGH (FRIO CONS.) FIELD
BRAZORIA AND MATAGORDA COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 7, 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 following fields are hereby consolidated into the Duncan Slough (Frio Cons.) Field, ID No. 26506 050, Brazoria and Matagorda Counties, Texas:

| | |
|-------------------------------|-----------|
| Duncan Slough (Frio-2) Field | 265 06111 |
| Duncan Slough (Frio-3) Field | 265 06222 |
| Duncan Slough (Frio-4) Field | 265 06333 |
| Duncan Slough (Frio-5) Field | 265 06444 |
| Duncan Slough (Frio-6) Field | 265 06555 |
| Duncan Slough (Frio-7) Field | 265 06666 |
| Duncan Slough (Frio-7B) Field | 265 06777 |
| Duncan Slough (Frio-8) Field | 265 06888 |
| Duncan Slough (Frio-9) Field | 265 06900 |

It is further ordered that the following field rules are adopted for the Duncan Slough (Frio Cons.) Field:

RULE 1: The entire correlative interval between 9,970 feet and 11,470 feet, as shown on the log of the J. C. Lewis No. 1, API No. 321 02134, Christopher G. Cox Survey, A-18, Matagorda County, shall be designated as a single reservoir for proration purposes and be designated as the Duncan Slough (Frio Cons.) Field.

RULE 2a: 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. 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.
- b. FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

RULE 2b: The maximum daily oil allowable for each well in the subject field shall be 192 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 95%, provided that this value shall not exceed the maximum daily allowable multiplied by 95%.
- b. Each well shall be assigned an allowable equal to 5% of the maximum daily oil allowable above.

Done this 5th day of December, 2006.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
December 5, 2006)**