

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

**OIL AND GAS DOCKET
NO. 03-0259610**

**FINAL ORDER
CONSOLIDATING THE VAN METER (YEGUA EY-9) FIELD
INTO A NEW FIELD CALLED THE
VAN METER (YEGUA EY CONS.) FIELD AND
ADOPTING FIELD RULES FOR THE
VAN METER (YEGUA EY CONS.) FIELD
HARDIN COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 19, 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 the Van Meter (Yegua EY-9) Field located in Hardin County, Texas, is hereby combined into a new field called the Van Meter (Yegua EY Cons.) Field (No. 93133 600). The BP America A-39 Well No. 1 (ID 236021) shall be transferred from the Bradley, South (Yegua 7770) Field into the Van Meter (Yegua EY Cons.) Field. Wells in the Van Meter (Yegua EY-9) Field shall be transferred into the Van Meter (Yegua EY Cons.) Field. The BP America A-39 Well No. 2 (API No. 199-33132) shall be placed in the Van Meter (Yegua EY Cons.) Field. Amended permits shall not be required to transfer any of these wells.

It is further ordered that the following rules are adopted for the Van Meter (Yegua EY Cons.) Field:

RULE 1: The correlative interval from 8,856 feet (MD) to 9,245 feet (MD) as shown on the log of the Pat Riley, et al Well No. 1 (API No. 199-33091), C. A. Felder Survey, A-21, Hardin County, Texas, shall be designated as the Van Meter (Yegua EY-9) Field.

RULE 2: No gas well shall hereafter be drilled nearer than NINE HUNDRED THIRTY THREE (933) feet to any property line, lease line, or subdivision line and no well shall be drilled nearer than ONE THOUSAND EIGHT HUNDRED SIXTY SEVEN (1,867) 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 THREE HUNDRED TWENTY (320) acres. No proration unit shall consist of more than THREE HUNDRED TWENTY (320) 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 THREE HUNDRED FIFTY TWO (352) acres may be assigned. The two farthestmost points in any proration unit shall not be in excess of SIXTY FIVE HUNDRED (6,500) feet removed from each other. Each proration unit containing less than THREE HUNDRED TWENTY (320) 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.

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 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:

FIFTY percent (50%) 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 prorable wells producing from this field.

FIFTY percent (50%) of the total field allowable shall be allocated among the individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of the acreage with respect to all pratable wells producing from this field.

The BP America A-39 Well No. 2 (API No. 199-33132) shall be classified as a gas well in the Van Meter (Yegua EY Cons.) Field.

It is further ordered by the Railroad Commission of Texas that the allocation formula in the Van Meter (Yegua EY Cons.) Field is suspended. The allocation formula may be reinstated administratively if the market demand for gas in the Van Meter (Yegua EY Cons.) Field drops below 100% of deliverability. If the market demand for gas in the Van Meter (Yegua EY Cons.) 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. All overproduction in the Van Meter (Yegua EY Cons.) Field is hereby canceled.

Done this 16th day of December, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
December 16, 2008)**