

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
OIL AND GAS SECTION**

**OIL AND GAS DOCKET
NO. 04-0225309**

**IN THE PICOSO EAST
CONSOLIDATED, WEBB COUNTY,
TEXAS**

NUNC PRO TUNC

**FINAL ORDER
COMBINING THE PICOSO, E. (CARRIZO 7800) AND PICOSO, EAST
(CARRIZO 8000) FIELDS, ADOPTING A DESIGNATION OF PICOSO EAST
CONSOLIDATED FIELD FOR THE FIELD FORMED BY SUCH COMBINATION OF
FIELDS AND ADOPTING OPERATING RULES AND REGULATIONS
FOR THE PICOSO EAST CONSOLIDATED FIELD
WEBB COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 26, 2000, 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 Picoso, E. (Carrizo 7800) and Picoso, East (Carrizo 8000) Fields, located in Webb County, Texas, be and they are hereby combined and recognized as one field, to be known as the Picoso East Consolidated Field, (RRC No. 71392-250) Webb County, Texas.

It is further ordered by the Commission that the operating rules as hereinafter set out are hereby adopted for the Picoso East Consolidated Field, Webb County, Texas.

RULE 1: The entire combined correlative interval from 7,640' to 7,860' as shown on the Dual Induction Focused Compensated Densilog Compensated Neutron Gamma Ray log of the Killam Oil Co., LTD, Perez-Bland 1007 Well No. 1, Leona LRR & AG Assoc. #1007 Survey, A-1533, Webb County Texas, shall be designated as a single reservoir for proration purposes and be designated as the Picoso East Consolidated Field.

RULE 2: 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 based on the sum of the prorable wells in the 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 prorable wells producing from this field.

It is further ORDERED by the Railroad Commission of Texas that suspension of the allocation formula in the Picoso East Consolidated Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Picoso East Consolidated Field drops below 100% of deliverability. If the market demand for gas in the Picoso East Consolidated 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. Failure to give such notice to the Commission may result in a fine (as provided for in Tex. Nat. Res. Code §86.222) for each day the operators fail to give notice to the Commission.

Effective the 8th day of August, 2000.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN MICHAEL L. WILLIAMS

COMMISSIONER CHARLES R. MATTHEWS

COMMISSIONER TONY GARZA

ATTEST:

Secretary