

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

**OIL AND GAS DOCKET
NO. 10-0255754**

**IN THE STILES RANCH (GRANITE
WASH CONS.) FIELD, WHEELER
COUNTY, TEXAS**

**FINAL ORDER
CONSOLIDATING THE STILES RANCH (ATOKA) AND STILES RANCH (GRANITE
WASH) FIELDS INTO THE STILES RANCH (GRANITE WASH CONS.) FIELD AND
ADOPTING FIELD RULES FOR THE
STILES RANCH (GRANITE WASH CONS.) FIELD
WHEELER COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 5, 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 following fields located in Wheeler County, Texas, are hereby combined into a new field called the Stiles Ranch (Granite Wash Cons.) Field, Field ID No. 86125 250.

<u>FIELD NAME</u>	<u>FIELD ID NUMBER</u>
Stiles Ranch (Atoka)	86125 100
Stiles Ranch (Granite Wash)	86125 200

It is further ordered by the Commission that the following rules are hereby adopted for the Stiles Ranch (Granite Wash Cons.) Field:

RULE 1: The entire correlative interval from 12,344 feet to 16,164 feet, as shown on the Dual Induction SFL log of the Ladd Petroleum Corporation, Britt "K" Lease Well No. 2,037, API No. 42-483-31377, Section 37, Block A-3, H&GN Survey, Wheeler County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Stiles Ranch (Granite Wash Cons.) Field.

RULE 2a: The field shall be classified as associate-prorated. 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:

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

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.

RULE 2b: The maximum daily oil allowable for each well in the subject field shall be 212 barrels of oil per day, upon expiration of the discovery allowable, 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 212 barrels of oil per day multiplied by 95%.
- b. Each well shall be assigned an allowable equal to 5% of the maximum daily oil allowable above.

It is further ordered by the Commission that the application of Newfield Expl. Mid-Con. Inc. for suspension of the allocation formula in the Stiles Ranch (Granite Wash Cons.) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Stiles Ranch (Granite Wash Cons.) Field drops below 100% of deliverability. If the market demand for gas in the Stiles Ranch (Granite Wash 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.

Wells in the subject fields shall be transferred into the Stiles Ranch (Granite Wash Cons.) Field without requiring new drilling permits.

Done this 24th day of June, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated June
24, 2008)**