

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

**OIL AND GAS DOCKET
NO. 04-0225598**

**IN THE GRUY (WILCOX) AND GRUY
(WILCOX FB-2) FIELDS, DUVAL
COUNTY, TEXAS**

FINAL ORDER

**APPROVING THE APPLICATION OF COASTAL OIL & GAS CORPORATION
ADOPTING FIELD RULES FOR GRUY (WILCOX) AND GRUY (WILCOX FB-2)
FIELDS, DUVAL COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on August 29, 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.

It is ordered by the Railroad Commission of Texas that the following rules shall be adopted for the Gruy (Wilcox) and Gruy (Wilcox FB-2) Fields, Duval County, Texas.

RULE 1: The entire correlative interval from 14,085' to 14,266' subsurface depth as shown on the Computer Processed log of the Getty Oil Co., V.K. Gruy Lease Well No. 1, in the A.B.& M. Survey, A-24, Duval County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Gruy (Wilcox) Field; and

The entire correlative interval from 13,740' to 13,890' subsurface depth as shown on the Computer Processed log of the Texaco E&P Inc, V.K. Gruy Lease Well No. 2, in the A.B.& M. Survey, A-157, Duval County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Gruy (Wilcox FB-2) Field

RULE 2: No gas well shall hereafter be drilled nearer than FOUR HUNDRED AND SIXTY SEVEN (467) feet to any property line, lease line or subdivision line and no well shall be drilled nearer than NINE HUNDRED AND THIRTY THREE (933) 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 therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rule 37 and 38, which applicable provisions of said rule are incorporated herein by reference. The standard drilling unit shall remain FORTY (40) acres per well.

In applying this rule the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: 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 proratable 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 proratable wells producing from this field.

Effective this _____ day of _____, 2000.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN MICHAEL L. WILLIAMS

COMMISSIONER CHARLES R. MATTHEWS

COMMISSIONER TONY GARZA

ATTEST:

Secretary