## RAILROAD COMMISSION OF TEXAS OFFICE OF GENERAL COUNSEL HEARINGS SECTION OIL AND GAS DOCKET IN THE TABASCO (CONSOLIDATED) NO. 04-0248919 FIELD, HIDALGO COUNTY, TEXAS FINAL ORDER AMENDING RULE NO. 3 OF THE FIELD RULES ADOPTED IN FINAL ORDER NO. 04-0245626 ISSUED EFFECTIVE FEBRUARY 28, 2006, FOR THE TABASCO (CONSOLIDATED FIELD, HIDALGO COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on October 19, 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.

It is ordered by the Railroad Commission of Texas that the Special Field Rule No. 3 as adopted by Order No. 04-0245626, effective February 28, 2006, for the Tabasco (Consolidated) Field are amended as follows:

**RULE 3:** The acreage assigned an individual oil or gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be FORTY (40) acres. No proration unit shall contain more than FORTY (40) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each proration unit so that an amount not to exceed a maximum of FORTY FOUR (44) acres may be assigned. The two farthermost points of any proration unit shall not be in excess of TWO THOUSAND ONE HUNDRED (2,100) feet removed from each other. Each proration unit containing less than FORTY (40) 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.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres. The two farthermost points of a TWENTY (20) acre fractional proration unit shall not be greater than ONE THOUSAND FIVE HUNDRED (1,500) feet removed from each other.

Submission of proration unit plats and a Statement of Productivity of Acreage Assigned to Proration Units is not required.

Further, it is ordered by the Railroad Commission of Texas that suspension of the allocation formula in the Tabasco (Consolidated) Field shall remain suspended pursuant to Statewide Rule 31(j).

Done the 14th day of November, 2006.

**RAILROAD COMMISSION OF TEXAS** (Order approved and signatures affixed by OGC Unprotested Master Order dated November 14, 2006)