RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL AND GAS DOCKET
NO. 04-0249787

IN THE STIRLING (WILCOX
CONSOLIDATED) FIELD, WEBB AND
ZAPATA COUNTIES, TEXAS

FINAL ORDER
AMENDING THE FIELD RULES
ADOPTED IN FINAL ORDER NO. 04-0241152
ISSUED EFFECTIVE JANUARY 25, 2005, AS AMENDED
FOR THE STIRLING (WILCOX CONSOLIDATED) FIELD
WEBB AND ZAPATA COUNTIES, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on December 21, 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 Special Field Rules as adopted in Final Order No. 04-0241152, issued effective January 25, 2005, as amended, for the Stirling (Wilcox Consolidated) Field, Webb and Zapata Counties, Texas are amended as hereafter set out.

RULE 1: The entire combined correlative interval from 9,667' to 10,910' as shown on the type log of the EOG Resources, Inc., Slator Ranch "S" Lease Well No. 1, API No. 42-505-35295, J.V. Borrego Survey, A-209, Webb County, Texas shall be designated as a single reservoir for proration purposes and be designated as the Stirling (Wilcox Consolidated) Field.

RULE 2: No well for gas shall hereafter be drilled nearer than FOUR HUNDRED AND SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line and there shall be no between well spacing. 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 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. The standard drilling unit shall be FORTY (40) acres.

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 equally among 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.

It is further ordered that the allocation formula remain suspended.

Done this 23rd day of January, 2007.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by OGC Unprotested Master Order dated January 23, 2007)