

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

**OIL AND GAS DOCKET
NO. 04-0258881**

**IN THE FLORES (VICKSBURG,
LOWER) FIELD, STARR AND
HIDALGO COUNTIES, TEXAS**

**FINAL ORDER
AMENDING FIELD RULES AND TRANSFERRING WELLS
FLORES (VICKSBURG, LOWER) FIELD
STARR AND HIDALGO COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 3, 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 field rules adopted in Order No. 4-87,027, effective March 31, 1986, as amended, for the Flores (Vicksburg, Lower) Field, are amended as hereafter set out:

RULE 1: The entire correlative interval from 5,454 feet to 12,160 feet as shown on the log of the I. Y. Garcia Well No. 11, (API No. 42-215-31678), A. Villareal, Por 43 Survey, A-85, Hidalgo County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Flores (Vicksburg, Lower) Field.

RULE 2: No well for gas shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line, or subdivision line. There is no between-well spacing limitation. 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 in either field. 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 Rules 37 and 38, which applicable provisions of said rules are incorporated herein by reference.

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

RULE 3: The acreage assigned to the individual gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be ONE HUNDRED SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED SIXTY (160) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of ONE HUNDRED SEVENTY SIX (176) acres may be assigned. Each proration unit containing less than ONE HUNDRED SIXTY (160) acres shall be a fractional proration unit. An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres.

There is no maximum diagonal limitation and operators are not required to file Form P-15 or proration unit plats for individual wells in the field.

RULE 4: 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:

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.

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

It is further ordered that the allocation formula in the Flores (Vicksburg, Lower) Field is hereby suspended. The allocation formula may be reinstated administratively if the market demand for gas in the Flores (Vicksburg, Lower) Field drops below 100% of deliverability. If the market demand for gas in the Flores (Vicksburg, Lower) 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.

Operators in the Flores (Vicksburg, Lower) Field shall be required to perform annual G-10 tests pursuant to Statewide Rule 28(c).

It is further ordered that the wells listed in Attachment A to this Final Order shall be transferred from the field listed into the Flores (Vicksburg, Lower) Field without the requirement of a new drilling permit.

Done this 12th day of November, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
November 12, 2008)**

ATTACHMENT A

RRC ID	Lease Name	No.	Field Name
197657	VAN SCHERPE PETER	1	JEFFRESS (VICKSBURG T)
122994	VAN SCHERPE PETER	3J	JEFFRESS (VICKSBURG S)
153956	YTURRIA L&L -C-	1	FLORES (5600)
125959	SCHERP PETER VAN	4	JEFFRESS (VICKSBURG U FB-2)
147367	VAN-SCHERPE PETER	5	JEFFRESS (VICKSBURG U FB-2)
181450	YTURRIA	1C	FLORES (5300)
195891	VAN SCHERPE PETER	6	JEFFRESS (VICKSBURG U)
198149	PETER VAN SCHERPE	7	JEFFRESS (VICKSBURG U)
199222	SCHERPE PETER VAN	8	JEFFRESS (VICKSBURG U)
201085	SCHERPE PETER VAN	9	JEFFRESS (VICKSBURG U FB-2)
216119	GARZA STATE	1	JEFFRESS (VICKSBURG S)
165294	GARCIA I Y	10	FLORES, W. (VKSBRG GEOPRESSURE)
163560	GARCIA I Y	13	FLORES, W. (VKSBRG GEOPRESSURE)
203555	GARCIA-YTURRIA -A- GU	1	FLORES, W.(VKSBRG GEOPRESSURE)
201141	GARCIA I Y	31	FLORES, W. (VKSBRG GEOPRESSURE)