

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

**OIL AND GAS DOCKET  
NO. 03-0252940**

**IN THE VILLAGE MILLS DEEP (WX  
CONS.) FIELD, HARDIN COUNTY,  
TEXAS**

**FINAL ORDER  
CONSOLIDATING VARIOUS FIELDS INTO THE VILLAGE MILLS DEEP  
(WX CONS.) FIELD AND ADOPTING FIELD RULES FOR THE  
VILLAGE MILLS DEEP (WX CONS.) FIELD  
HARDIN COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on August 16, 2007, 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 Village Mills Deep (WX 12000), Village Mills Deep (Wilcox), Hickory Creek (9500 Wilcox), Hickory Creek (9900 Wilcox) and Honey (Wilcox 1<sup>st</sup>) Fields are consolidated into the new field designation to hereafter be known as the Village Mills Deep (Wx Cons.) Field (RRC ID. No. 93839-485), Hardin County, Texas.

It is further ordered by the Commission that the following operating rules for the Village Mills Deep (Wx Cons.) Field are hereby adopted and as hereinafter set out:

**RULE 1:** The entire correlative interval from 8,870' to 15,500' as shown on the Baker Hughes High Definition Induction log of the Sanchez Oil & Gas Corporation, Gulf West Lease Well No. 2, (API No. 42-199-33053), Hardin County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Village Mills Deep (Wx Cons.) Field.

**RULE 2:** 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 individual pratable wells producing from this 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.

Further, it is ordered by the Railroad Commission of Texas that suspension of the allocation formula in the Village Mills Deep (Wx Cons.) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Village Mills Deep (Wx Cons.) Field drops below 100% of deliverability. If the market demand for gas in the Village Mills Deep (Wx 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. Failure to give such notice to the Commission may result in a fine (as provided for in Tex. Nat. Res. Code §86.222) for each day the operators fail to give notice to the Commission.

Done this the 11th day of September, 2007.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by OGC  
Unprotested Master Order dated September 11, 2007)**