

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

**OIL AND GAS DOCKET
NO. 04-0248623**

**FINAL ORDER
APPROVING THE APPLICATION OF K-3 RESOURCES, L.P.
TO MAINTAIN AND USE A PIT
JIM WELLS FACILITY
JIM WELLS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on September 20, 2006, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record; 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 examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, 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 application of K-3 Resources, L.P. to maintain and use a water base drilling fluid disposal pit at its Jim Wells Facility, Jim Wells County, Texas, is hereby GRANTED in accordance with the attached permit.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

This order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Done this _____ day of _____, 2006

RAILROAD COMMISSION OF TEXAS

Chairman Elizabeth A. Jones

Commissioner Michael L. Williams

Commissioner Victor G. Carrillo

ATTEST:

Secretary