

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

**OIL AND GAS DOCKET
NO. 03-0274567**

**IN THE STEEL HORSE (BOSSIER)
FIELD, TRINITY COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF LEOR ENERGY INDIGO LP
FOR A NEW FIELD DESIGNATION AND TO ADOPT FIELD RULES FOR THE
STEEL HORSE (BOSSIER) FIELD
TRINITY COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 16, 2012, 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 application of Leor Energy Indigo LP for a new field designation for its Forestar Lease, Well No. 1, is hereby approved. The new field shall be known as the Steel Horse (Bossier) Field (ID No. 85799 500), Trinity County, Texas.

It is further **ORDERED** that the following Field Rules are hereby adopted for the Steel Horse (Bossier) Field, Trinity County, Texas:

RULE 1: The correlative interval from 16,870 feet to 19,430 feet as shown on the log of the Shell Oil Company - Temple Industries Lease, Well No. 1 (API No. 42-455-30007), G. Ricardo Survey, A-34, Trinity County, Texas, shall be designated as the Steel Horse (Bossier) 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 field's total allowable shall be allocated equally among all the individual prorable wells producing from 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 prorable wells producing from this field.

It is further **ORDERED** by the Railroad Commission of Texas that the application of Leor Energy Indigo LP for suspension of the allocation formula in the Steel Horse (Bossier) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Steel Horse (Bossier) Field drops below 100% of deliverability. If the market demand for gas in the Steel Horse (Bossier) 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.

Done this 10th day of April, 2012.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated April
10, 2012)**