

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET
NO. 02-0271442

IN THE KAWITT (YEGUA) FIELD,
KARNES COUNTY, TEXAS

ORDER NUNC PRO TUNC

ORDER APPROVING THE APPLICATION OF
PATTERSON ENERGY CORPORATION
TO CONSOLIDATE THE SPEARY (2600) AND KAWITT (YEGUA 3750)
INTO THE KAWITT (YEGUA) FIELD AND TO ADOPT FIELD RULES FOR THE
KAWITT (YEGUA) FIELD,
KARNES COUNTY, TEXAS

In conference at its office in Austin, Texas the Railroad Commission of Texas took up for consideration the matter of correcting its Final Order entered on October 25, 2011 approving the field consolidation of the Speary (2600) and Kawitt (3750) Fields into the Kawitt (Yegua) Field and adoption of Field Rules for the Kawitt (Yegua) Field in Karnes County, Texas. The Commission finds that, due to clerical error, the Final Order entered October 25, 2011 incorrectly prescribed that Field Rule 2 govern solely oil wells for the Kawitt (Yegua) Field.

Accordingly, it is **ORDERED** that the Final Order in Docket No. 02-0271442 be, and the same is hereby, amended *nunc pro tunc*. The Field Rules for the Kawitt (Yegua) Field are set out in their entirety as follows:

RULE 1: Designation of the field as the correlative interval from 1,900 feet to 4,000 feet, as shown on the log of the Patterson Energy Corporation, Escondido Creek Lease, Well No. 3, API No. 42-255-31958, Section 11, A-43, P. Trevino Survey, Karnes County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Kawitt (Yegua) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than THREE HUNDRED AND THIRTY (330) feet to any property line, lease line, or subdivision line and no vertical well shall be drilled nearer than SIX HUNDRED AND SIXTY (660) feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. 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 the 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. The standard drilling unit shall remain FORTY (40) acres per well.

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

RULE 3: The Kawitt (Yegua) Field shall be classified as non-associated. 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:

FIFTY percent (50%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

FIFTY percent (50%) of the field's total 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 the field.

It is further ordered by the Commission that the application of Patterson Energy Corporation for suspension of the allocation formula in the Kawitt (Yegua) Field is approved. The allocation formula may be instated administratively if the market demand for gas in the Kawitt (Yegua) Field drops below 100% of deliverability. If the market demand for gas in the Kawitt (Yegua) 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 instated.

Wells in the subject fields shall be transferred into the Kawitt (Yegua) Field without requiring new drilling permits and plats.

Done this 7th day of February, 2012.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
February 07, 2012)**