

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

**OIL AND GAS DOCKET
NO. 04-0264216**

**IN THE SARITA SHALLOW (MIO-FRIO
CONS.) FIELD, KENEDY, KLEBERG
AND JIM WELLS COUNTIES, TEXAS**

**FINAL ORDER
CONSOLIDATING VARIOUS SARITA, SARITA, SW., SARITA, W. AND SARITA
SHALLOW FIELDS INTO THE SARITA SHALLOW (MIO-FRIO CONS.) FIELD
AND ADOPTING FIELD RULES FOR THE
SARITA SHALLOW (MIO-FRIO CONS.) FIELD
KENEDY, KLEBERG AND JIM WELLS COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on February 10, 2010, 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 fields shown in Attachment A, located in Kenedy, Kleberg and Jim Wells Counties, Texas, are hereby combined into a new field called the Sarita Shallow (Mio-Frio Cons.) Field, Field ID No. 81124 300.

It is further **ORDERED** by the Commission that the following Field Rules are hereby adopted for the Sarita Shallow (Mio-Frio Cons.) Field:

RULE 1: The entire combined correlative interval from 600 feet to 10,300 feet as shown from 600 feet to 850 feet on the log of the Humble Oil & Refining Company - Sarita Field Oil & Gas Unit, Well No. 126 (API No. 42-261-30056), as shown from 850 feet to 9,500 feet on the log of the Newfield Exploration Company - Sarita Field Oil & Gas Unit, Well No. 303 (API No. 42-261-31521) and as shown from 9,500 feet to 10,300 feet on the log of the Humble Oil & Refining Company - Sarita Field Oil & Gas Unit, Well No. 69 (API No. 42-261-00304) Kenedy County, Texas., shall be designated as a single reservoir for proration purposes and be designated as the Sarita Shallow (Mio-Frio Cons.) Field.

RULE 2: No well 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 for wells in this field. The aforementioned distance is the minimum distance to allow an operator flexibility in locating a well. 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 therefor shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rule 37, which applicable provisions of said rule is 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 an individual oil or gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be FORTY (40) acres. No proration unit shall consist of more than FORTY (40) 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 FORTY FOUR (44) acres may be assigned. Each proration unit containing less than FORTY (40) acres shall be a fractional proration unit.

An operator, at his option, shall be permitted to form optional drilling and proration units of TWENTY (20) acres.

There is no maximum diagonal limitation in the subject field and operators are not required to file Form P-15 and plats.

RULE 4a: The subject field shall be classified as associated-prorated and the daily allowable production of gas from individual gas 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:

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

NINETY FIVE percent (95%) 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 proratable wells producing from the field.

RULE 4b: The field is classified as salvage with no restriction on oil or casinghead gas.

It is further **ORDERED** by the Commission that the application of Newfield Exploration Company for suspension of the allocation formula in the Sarita Shallow (Mio-Frio Cons.) Field is approved. The allocation formula may be reinstated administratively if the market demand for gas in the Sarita Shallow (Mio-Frio Cons.) Field drops below 100% of deliverability. If the market demand for gas in the Sarita Shallow (Mio-Frio 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.

Wells in the subject fields shall be transferred into the Sarita Shallow (Mio-Frio Cons.) Field without requiring new drilling permits.

Done this 9th day of March, 2010.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated March
9, 2010)**

ATTACHMENT A

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Sarita	81115 001
Sarita (AA)	81115 004
Sarita (Fleming)	81115 006
Sarita (BB)	81115 007
Sarita (1-B)	81115 008
Sarita (1-A)	81115 009
Sarita (1-A,E)	81115 010
Sarita (1-F,C)	81115 011
Sarita (1-F(W))	81115 012
Sarita (1-G)	81115 013
Sarita (1-G,A)	81115 014
Sarita (1-G,C)	81115 015
Sarita (1-G,E)	81115 016
Sarita (1-G-,W)	81115 017
Sarita (2-A)	81115 018
Sarita (2-B)	81115 023
Sarita (2-C)	81115 027
Sarita (2-D)	81115 033
Sarita (2-D,W)	81115 034
Sarita (2-F)	81115 036
Sarita (2-F,L)	81115 038
Sarita (2-F,SW)	81115 040
Sarita (2-G)	81115 045
Sarita (2-G,S)	81115 046
Sarita (2-H)	81115 047
Sarita (2-J)	81115 048
Sarita (2-J,W)	81115 049
Sarita (2-J, SW)	81115 052
Sarita (2-J, SW, II)	81115 053
Sarita (2-K,W)	81115 054
Sarita (2-L)	81115 058
Sarita (2-M)	81115 063
Sarita (3-B)	81115 072
Sarita (3-B, W)	81115 075
Sarita (3-B, NW)	81115 078
Sarita (3-C, E)	81115 081
Sarita (3-C, S)	81115 085
Sarita (3-D)	81115 090
Sarita (3-E)	81115 099
Sarita (3-G, SW)	81115 102

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Sarita (4-A)	81115 103
Sarita (4-G)	81115 104
Sarita (4-H)	81115 108
Sarita (4-H,W)	81115 110
Sarita (5-B)	81115 112
Sarita 5-C,W)	81115 114
Sarita (5-C)	81115 115
Sarita (5-C, SW)	81115 116
Sarita (5-D)	81115 117
Sarita (5-D,W)	81115 120
Sarita (5-D, Upper)	81115 126
Sarita (5-E SW)	81115 130
Sarita (5-E, W)	81115 135
Sarita (5-G)	81115 144
Sarita (5-G & H, E)	81115 153
Sarita (5-G & H, SW)	81115 155
Sarita (5-G, W)	81115 162
Sarita (5-KLM, C)	81115 171
Sarita (5-L&M,SW)	81115 175
Sarita (5-P)	81115 180
Sarita (5-P,L)	81115 181
Sarita (5-P,W)	81115 182
Sarita (5-Q, SW)	81115 184
Sarita (5-Q, W)	81115 185
Sarita (6-A, C)	81115 186
Sarita (6-A, W)	81115 188
Sarita (6-A)	81115 189
Sarita (6-B)	81115 190
Sarita (6-C)	81115 192
Sarita (6-D)	81115 193
Sarita (6-G)	81115 195
Sarita (6-H)	81115 196
Sarita (7-B)	81115 197
Sarita (7-B, E)	81115 198
Sarita (7-B, NW)	81115 200
Sarita (7-B, S.)	81115 207
Sarita (7-B, SE.)	81115 216
Sarita (7-B,W)	81115 218
Sarita (7-D & E)	81115 225
Sarita (7-F)	81115 229
Sarita (7-H)	81115 234
Sarita (7-R & S, C)	81115 243
Sarita (7-R & S, SO.)	81115 252

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Sarita (8-B)	81115 261
Sarita (8-C, E)	81115 270
Sarita (8-C, S.)	81115 279
Sarita (8-D)	81115 288
Sarita (8-D,S)	81115 293
Sarita (8-E)	81115 297
Sarita (9-A)	81115 303
Sarita (9-A, SE)	81115 304
Sarita (9-B)	81115 306
Sarita (9-B,W)	81115 309
Sarita (10-A)	81115 315
Sarita (10-A, C)	81115 324
Sarita (10-A, W)	81115 333
Sarita (10-G)	81115 339
Sarita (10-H)	81115 342
Sarita (10-H,SE)	81115 344
Sarita (10-H, SW)	81115 346
Sarita (10-J)	81115 348
Sarita (11-A & B, C)	81115 351
Sarita (11-A & B, E)	81115 360
Sarita (11-A, S.)	81115 369
Sarita (11-C)	81115 378
Sarita (12-A, C)	81115 387
Sarita (12-A, E & C)	81115 396
Sarita (12-A, S)	81115 405
Sarita (12-B)	81115 414
Sarita (12-B,W)	81115 415
Sarita (12-E & F)	81115 423
Sarita (12-H)	81115 432
Sarita (13-B)	81115 441
Sarita (13-B, SW)	81115 444
Sarita (13-D & E)	81115 450
Sarita (13-H)	81115 459
Sarita (13-H, C)	81115 468
Sarita (13-H, E)	81115 477
Sarita (14-A, C)	81115 486
Sarita (14-A, SW)	81115 488
Sarita (14-A, W)	81115 491
Sarita (14-C)	81115 495
Sarita (14-C, E)	81115 504
Sarita (14-C, NE.)	81115 513
Sarita (14-C,W)	81115 518
Sarita (14-D)	81115 522

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Sarita (14-D,W)	81115 525
Sarita (14-E, C)	81115 531
Sarita (14-E, E)	81115 540
Sarita (14-E, W)	81115 544
Sarita (14-F)	81115 549
Sarita (14-F, E)	81115 558
Sarita (14-H, C)	81115 567
Sarita (15-B)	81115 576
Sarita (15-C)	81115 585
Sarita (15-E, C)	81115 594
Sarita (15-E, E)	81115 603
Sarita (15-E,W)	81115 605
Sarita (15-F)	81115 612
Sarita (15-F, C)	81115 621
Sarita (15-J)	81115 626
Sarita (15-K, C)	81115 630
Sarita (15-K, E)	81115 639
Sarita (15-L Sand)	81115 648
Sarita (15-L, N)	81115 651
Sarita (15-M)	81115 657
Sarita (15-M, C)	81115 658
Sarita (15-P)	81115 666
Sarita (15-P, SE)	81115 669
Sarita (15-S)	81115 675
Sarita (15-S,C)	81115 676
Sarita (15-S, W)	81115 680
Sarita (15-V)	81115 684
Sarita (15-V,C)	81115 690
Sarita (16-A)	81115 693
Sarita (16-A, C)	81115 702
Sarita (16-B)	81115 711
Sarita (16-C)	81115 720
Sarita (16-C,W)	81115 722
Sarita (16-E)	81115 725
Sarita (16-E, SE.)	81115 729
Sarita (16-F)	81115 738
Sarita (16-F,W)	81115 742
Sarita (16-G)	81115 745
Sarita (16-H)	81115 747
Sarita (16-K)	81115 753
Sarita (16-K, C)	81115 756
Sarita (16-K, E)	81115 765
Sarita (16-K,W)	81115 766

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Sarita (16-L)	81115 768
Sarita (17-A)	81115 774
Sarita (17-A,W)	81115 775
Sarita (17-A 8000)	81115 783
Sarita (17-E)	81115 792
Sarita (17-E,W.)	81115 793
Sarita (17-E, W-2)	81115 794
Sarita (17-E, E.)	81115 795
Sarita (17-G)	81115 801
Sarita (17-G,C)	81115 802
Sarita (17-G, East)	81115 804
Sarita (17-H, E.)	81115 819
Sarita (17-I)	81115 828
Sarita (17-I,C)	81115 829
Sarita (17-N)	81115 837
Sarita (18-A)	81115 844
Sarita (18-B)	81115 846
Sarita (18-C & G, NE.)	81115 855
Sarita (18-G E)	81115 864
Sarita (19-F)	81115 873
Sarita (19-H)	81115 878
Sarita (19-M)	81115 882
Sarita (850)	81115 900
Sarita (1500)	81115 902
Sarita (1975)	81115 903
Sarita (2490)	81115 904
Sarita (3200)	81115 905
Sarita (9300)	81115 909
Sarita (10200)	81115 918
Sarita, SW. (B-82)	81118 150
Sarita, SW. (B-98)	81118 175
Sarita, SW. (C-04)	81118 200
Sarita, SW (2-G)	81118 500
Sarita, W. (2000)	81119 100
Sarita Shallow (1740 Sd)	81124 400
Sarita Shallow (1890 Sd)	81124 500