

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

**OIL AND GAS DOCKET
NO. 04-0258740**

**IN THE J. C. MARTIN (LOBO) FIELD,
WEBB AND ZAPATA COUNTIES,
TEXAS**

**FINAL ORDER
AMENDING THE FIELD RULES
FOR THE J. C. MARTIN (LOBO) FIELD
WEBB AND ZAPATA COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 3, 2008, 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 field rules adopted in Order No. 4-66,188, effective March 1, 1977, for the J. C. Martin (Lobo) Field, are amended as hereafter set out:

RULE 1: The entire correlative interval from 7,400 feet to 9,320 feet as shown on the log of the J. M. Sanchez Well No. 1, (API No. 42-505-30335), J. V. Borrego Survey, A-209, Zapata County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the J. C. Martin (Lobo) Field.

RULE 2: No well for gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY-SEVEN (467) feet to any property line, lease line, or subdivision line. There is no between-well spacing limitation. 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 either 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.

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 to the individual gas well shall be known as a proration unit. The standard drilling and proration units are established hereby to be THREE HUNDRED TWENTY (320) acres. No proration unit shall consist of more than THREE HUNDRED TWENTY (320) 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 THREE HUNDRED FIFTY TWO (352) acres may be assigned. Each proration unit containing less than THREE HUNDRED TWENTY (320) acres shall be a fractional proration unit. An operator, at his option, shall be permitted to form optional drilling units of FORTY (40) acres.

There is no maximum diagonal limitation and operators are not required to file Form P-15 or proration unit plats for individual wells in the field.

RULE 4: 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:

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.

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

It is further ordered that the allocation formula in the J. C. Martin (Lobo) Field will remain suspended. The allocation formula may be reinstated administratively, in accordance with the Commission's rules, if the market demand for gas in the J. C. Martin (Lobo) Field drops below 100% of deliverability.

Operators in the J. C. Martin (Lobo) Field shall be required to perform annual G-10 tests pursuant to Statewide Rule 28(c).

It is further ordered that the wells listed in Attachment A to this Final Order shall be transferred from the La Perla (Lobo Cons.) Field into the J. C. Martin (Lobo) Field without the requirement of a new drilling permit.

Done this 12th day of November, 2008.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
November 12, 2008)**

ATTACHMENT A

API	RRC ID	Lease Name	Well No.
4250531085	083045	MECOM J W	23
4250531101	083853	MECOM J W	25
4250531223	090161	MECOM J W	31
4250531380	095272	MECOM J W	37P
4250531403	096754	MECOM J W	40P
4250531447	097359	MECOM J W	41
4250531516	100057	MECOM J W	45J
4250531583	103495	MECOM J W	47
4250531622	104721	MECOM J W	49J
4250531766	110381	MECOM J W	56S
4250531780	110709	MECOM J W	57
4250531810	111508	MECOM J W	58
4250531829	112691	MECOM J W	59V
4250532025	116645	MECOM J W	61K
4250532083	117482	MECOM J W	62K
4250531173	120909	MECOM J W	29
4250532825	140135	MECOM J W	65
4250532851	141115	MECOM J W	67
4250532952	144325	MECOM J W	72
4250533033	145651	MECOM J W	76
4250533040	146270	MECOM J W	75
4250533045	146401	MECOM J W	78
4250533055	146668	MECOM J W	77
4250533073	146722	MECOM J W	79
4250533077	146895	MECON J W	80
4250533441	159807	MECOM J W	82
4250533442	160097	MECON J W	81
4250533531	162969	MECOM J W	83
4250533581	165062	MECOM J W	86
4250533684	168016	MECOM J W	89
4250533728	168111	MECOM J W	91
4250533714	168514	MECOM J W	90
4250533747	169896	MECOM J W	92
4250533840	170035	MECOM J W	100
4250533816	170039	MECOM J W	98
4250533828	170044	MECOM J W	99
4250533857	171104	MECOM J W	102
4250533809	172592	MECOM J W	96
4250533810	172777	MECOM J W	97
4250533799	173202	MECOM J W	94
4250533868	173218	STATE TRACT	1
4250533972	174611	MECOM J W	103
4250534009	175079	MECOM J W	105
4250534022	175753	MECOM J W	106
4250534104	177041	MECOM J W	110

4250534111	177165	MECOM J W	111
4250534127	177523	MECOM J W	112
4250534090	177843	MECOM J W	109
4250534070	177860	MECOM J W	108
4250534193	183264	MECOM J W	114
4250534192	183446	MECOM J W	113
4250534655	194256	MECOM J W	118
4250534653	195058	MECOM J W	116
4250534654	195184	MECOM J W	117
4250534925	201803	MECOM J W	119
4250534927	202517	MECOM J W	121
4250534926	203072	MECOM J W	120
4250534928	203508	MECOM J W	123
4250535029	204952	MECOM J W	124
4250535093	205749	MECOM J W	126
4250535024	206424	MECOM J W	122
4250535078	206476	MECOM J W	125
4250535145	208732	MECOM J W	130
4250535142	208813	MECOM J W	131
4250535121	209191	MECOM J W	128
4250535094	211224	MECOM J W	127