

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

**OIL AND GAS DOCKET
NO. 02-0267718**

**IN THE LAKE PASTURE (H-440 SAND)
FIELD, REFUGIO COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF HILCORP ENERGY COMPANY
FOR UNITIZATION OF THE LAKE PASTURE (H-440 SAND) GAS UNIT
LAKE PASTURE (H-440 SAND) FIELD
REFUGIO COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket, on the application of Hilcorp Energy Company heard on November 16, 2010, the presiding examiners have 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 examiners' 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 Lake Pasture (H-440 Sand) Gas Unit in the Lake Pasture (H-440 Sand) Field, Refugio County, Texas, as shown by plat submitted, be and is hereby approved as a Unit for enhanced recovery purposes (specifically Unit Operations, as defined in the Unit Agreement) in the Lake Pasture (H-440 Sand) Field, subject to the following terms and conditions:

1. The Railroad Commission of Texas retains all powers and duties with regard to the conservation of oil and gas in this field. All orders of the Commission relating to allowed production of oil and gas from the Lake Pasture (H-440 Sand) Field shall remain in effect unless modified by a future order of the Commission.
2. Reports of oil and gas production from the Unit Area shall continue to be filed with the Commission on a lease basis.
3. The Unit Operator shall account to all owners of interests in production in accordance with the terms and conditions of the Unit Agreement. Specifically, accounting for the production of oil and solution gas (231 cubic feet per barrel) shall be on a tract basis and accounting for the balance of gas production shall be on a unit basis. For any interest owner who has not agreed to unitization, accounting for all production shall be on a tract basis.

4. In order to protect unsigned ownership, when 100% of the royalty and working interest owners in a tract have not joined the unit the operator is not authorized to convert the last producing well on that tract to an injector unless an exception is granted after notice and hearing.
5. All injection authority and each injection well within the unitized area is hereby made subject to the terms and conditions of the Texas Water Code, §27.0511 if fresh water is used.

Further, it is **ORDERED** by the Railroad Commission of Texas that Hilcorp Energy Company is hereby authorized to conduct secondary recovery operations on its Lake Pasture (H-440 Sand) Gas Unit, Lake Pasture (H-440 Sand) Field, Refugio County, Texas, subject to the following terms and conditions:

1. All injection authority within the unitized area previously granted by the Commission is hereby made subject to the terms and conditions of this order and the Technical Permitting Section is hereby authorized to issue amended injection permits in accordance with normal procedure as necessary to reflect the terms and conditions contained in this order or as later directed by the Commission.
2. The operator may expand or modify the proposed injection facilities without additional hearing for Commission approval of such expansion or modification, with respect to secondary recovery authorization, but each injection well remains subject to the filing requirements of Statewide Rule 46 including Commission Form H-1, "Application to Inject Fluid Into a Reservoir Productive of Oil or Gas" for injection wells not previously permitted as such.
3. The unit operator must submit application for injection well permits to the Technical Permitting Section and receive such permits prior to commencing injection pursuant to this order.

Done this 14th day of December, 2010,

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by OGC
Unprotested Master Order dated December 14,
2010)**