

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

**OIL AND GAS DOCKET
NO. 03-0249626**

**FINAL ORDER
CONSOLIDATING VARIOUS FIELDS INTO A NEW FIELD CALLED
THE PORT ACRES (MARG-FRIO CONS.) FIELD AND
ADOPTING FIELD RULES FOR THE
PORT ACRES (MARG-FRIO CONS.) FIELD
JEFFERSON COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on December 14, 2006, 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 following fields located in Jefferson County, Texas, are hereby combined into a new field called the Port Acres (Marg-Frio Cons.) Field (No. 723 79550):

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Port Acres (Frio 1) Field	723 78080
Port Acres (Frio 1-A) Field	723 78085
Port Acres (Frio 2) Field	723 78087
Port Acres (Marg. 3) Field	723 79500

It is further ordered that the following rules are adopted for the Port Acres (Marg-Frio Cons.) Field:

RULE 1: The entire correlative interval between 8,154 feet to 8,220 feet as shown on the log of the Doornbos No. 3D (API No. 245 31863) and from 8,220 feet to 8,940 feet as shown on the log of the Doornbos No. 2D (API No. 245 31823), Wm. Carroll Survey, A-13, Jefferson County, shall be designated as a single reservoir for proration purposes and be designated as the Port Acres (Marg-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 standard drilling unit shall remain forty (40) acres per well.

RULE 3: The gas field shall be classified as associated-prorated. 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:

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.

It is further ordered that the allocation formula in the Port Acres (Marg-Frio Cons.) Field is suspended. The allocation formula may be reinstated administratively if the market demand for gas in the Port Acres (Marg-Frio Cons.) Field drops below 100% of deliverability. If the market demand for gas in the Port Acres (Marg-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.

It is further ordered that the Port Acres (Marg-Frio Cons.) Field shall be classified as salvage, with no regulatory limitation on oil or casinghead gas production.

Done this 10th day of January, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
January 10, 2007)**