The Commission finds that after statutory notice in the above-numbered docket heard on
November 18, 2005, 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 Special Field Rules No.
1 and 2 as adopted in Final Order No. 7C-59,276, issued effective May 7, 1966, as amended, for the
Ozona, NE. (Canyon 7520) Field, Crockett and Schleicher Counties, Texas be and are amended as
hereafter set out.

RULE 1: No well for gas shall hereafter be drilled nearer than THREE HUNDRED AND
THIRTY (330) feet to any property line, lease line, or subdivision line and no 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. 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
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
RULE 2: The acreage assigned to the individual gas well for the purpose of allocating allowable gas production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be THREE HUNDRED AND TWENTY (320) acres. No proration unit shall consist of more than THREE HUNDRED AND 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 AND FIFTY-TWO (352) acres may be assigned. The two farthest points in any proration unit shall not be in excess of SIXTY-FIVE HUNDRED (6,500) feet removed from each other. Each proration unit containing less than THREE HUNDRED AND TWENTY (320) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

An operator, at his option, shall be permitted to form optional drilling units of TWENTY (20) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit. The two farthest points of a TWENTY (20) acre fractional proration unit shall not be greater than FIFTEEN HUNDRED (1,500) feet removed from each other.

Operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled.

RULE 3: No Change.

Further the allocation formula shall remain suspended pursuant to Statewide Rule 31(j).

Done this _______ day of ____________________, 2005.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by OGC Unprotested Master Order dated _____________, 2005)