

Drilling Permits: Terry County
8.5 miles SW. of Sundown, Texas

Kingdom (Abo Reef) Field Stanolind Operating LLC has a new drill permit for its H.C. Gracey Lease, Well No. 5 (API No. 42-445-32359), a vertical well --- 1,316' FWL & 660' FNL of Section 11, Block D14, C&M RR Co Survey, Abstract 75, 8,200' total depth, 320 acre lease

RRC production statistics

AUSTIN -- The Texas average rig count as of December 2012 was 847, representing about 49 percent of all active land rigs in the United States.

In the last 12 months, total Texas reported production was 510 million barrels of oil and 7.2 trillion cubic feet of natural gas.

The Commission's estimated final production for October 2012 is 48,820,645 barrels of crude oil and 500,062,457 Mcf (thousand cubic feet) of gas well gas.

The Commission derives final production numbers by multiplying the preliminary October 2012 production totals of 41,178,007 barrels of crude oil and 430,828,342 Mcf of gas well gas by a production adjustment factor of 1.1856 for crude oil and 1.1607 for gas well gas. (These production totals do not include casinghead gas or condensate.)

Texas natural gas storage reported to the Commission

for November 2012 was 463,512,227 Mcf compared to 443,491,626 Mcf in November 2011. The December 2012 gas storage estimate is 456,816,111 Mcf.

The Texas Railroad Commission's Oil and Gas Division set initial January 2013 natural gas production allowables for prorated fields in the state to meet market demand of 9,635,103 Mcf (thousand cubic feet).

In setting the initial January 2013 allowables, the Commission used historical production figures from previous months, producers' demand forecasts for the coming month, and adjusted the figures based on well capability.

These initial allowables will be adjusted after actual production for January 2013 is reported.

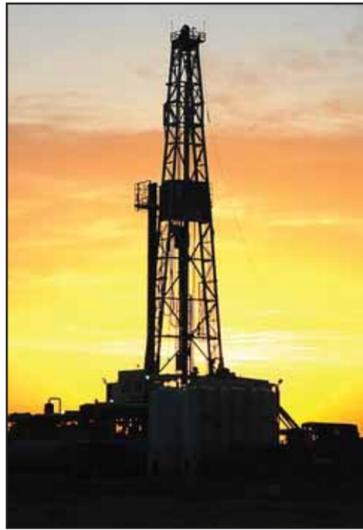
November permits to drill

The Commission issued a total of 1,586 original drilling permits in November 2012 compared to 1,878 in November 2011.

The November total included 1,416 permits to drill new oil and gas wells, 33 to re-enter existing well bores, and 137 for re-completions.

Permits issued in November 2012 included 446 oil, 127 gas, 941 oil and gas, 57 injection, two service and 13 other permits.

October crude oil produc-



tion
Texas preliminary October 2012 crude oil production averaged 1,328,323 barrels daily, up from the 996,583 barrels daily average of October 2011.

The preliminary Texas crude oil production figure for October 2012 is 41,178,007 barrels, up from 30,894,077 barrels reported during October 2011.

November oil and gas completions

In November 2012, operators reported 1,486 oil, 279 gas, 41 injection and three other completions compared to 674 oil, 305 gas, 45 injection and one other completion in November 2011.

Total well completions for

2012 year to date are 13,997 up from 7,924 recorded during the same period in 2011.

Operators reported 385 holes plugged and three dry holes in November 2012 compared to 189 holes plugged and zero dry holes in November 2011.

October natural gas production

Texas oil and gas wells produced 528,495,674 Mcf (thousand cubic feet) of gas based upon preliminary production figures for October 2012 down from the October 2011 preliminary gas production total of 530,931,972 Mcf.

Texas preliminary October total gas production averaged 17,048,247 Mcf (thousand cubic feet) a day.

Texas production in October 2012 came from 132,073 oil wells and 84,302 gas wells.

Oil falls with consumer confidence, budget impasse

NEW YORK (AP) — The price of crude fell slightly Thursday following a reported drop in consumer confidence and growing pessimism that political leaders in Washington can reach a budget deal.

U.S. benchmark crude fell 11 cents to finish at \$90.87 barrel in New York.

Senate Majority Leader Harry Reid said the nation appears headed for automatic tax hikes and spending cuts on Jan. 1 because of a lack

of progress in budget negotiations between President Barack Obama and Congress. With time running out to avoid a "fiscal cliff," traders fear that the U.S. could slip into another recession, which would cut demand for energy.

The budget negotiations have begun to drag on consumer confidence, and that too can affect energy prices.

The consumer confidence index fell this month to 65.1, down from 71.5 in November, according to the Conference Board on Thursday. It was the second straight monthly decline and the lowest level since August.

Thursday's decline in oil followed a big gain the day before, when reports of higher U.S. home prices and hopes of a budget deal fueled optimism in the market.

Gasoline prices at the pump are higher. The national average for gasoline reached \$3.261 a gallon, up 1.4 cents from the day before. Gasoline is now 3 cents above a year ago

Investors will be monitoring fresh information on U.S. stockpiles of crude and refined products over the next day. The Energy Department's Energy Information Adminis-

tration is expected to report that crude oil supplies shrank by 2 million barrels in the week ended Dec. 21, according to a survey of analysts by Platts, the energy information arm of McGraw-Hill Cos.

That drop could be due in large part to refineries using more crude to produce gasoline, diesel and other refined products. Tom Pawlicki, director of market research at EOX Live, told Platts that gasoline supplies should rise as refineries ramp up.

"Demand has been trending lower since mid-November and shouldn't pressure inventories much," Pawlicki said.

Analysts surveyed by Platts think the nation's gasoline inventories rose by 250,000 barrels last week.

In other energy futures trading:

— Wholesale gasoline rose less than a cent to end at \$2.82 a gallon.

— Brent crude, used to price various kinds of foreign oil, fell 27 cents to finish at \$110.80 per barrel in London.

— Heating oil rose 2 cents to end at \$3.07 a gallon.

— Natural gas lost 4 cents to finish at \$3.35 per 1,000 cubic feet.

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