

RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

HEARINGS SECTION

OIL AND GAS DOCKET NO. 03-0246972

APPLICATION OF STERLING ENERGY INC. PURSUANT TO STATEWIDE RULE 78(g) TO REDUCE THE AMOUNT OF FINANCIAL ASSURANCE REQUIRED TO OPERATE WELLS WITHIN THE STATE OF TEXAS.

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on March 7, 2006, re-opened on November 16, 2006 and closed November 28, 2006, the examiner has made and filed a proposal for decision containing Findings of Fact and Conclusions of Law, which was served on all parties of record. Having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, those Findings of Fact and Conclusions of Law are hereby adopted and made a part hereof by reference.

It is accordingly **ORDERED** that the application of Sterling Energy Inc., pursuant to Statewide Rule 78(g), for a reduction in the amount of financial security required by Statewide Rule 78(g)(3) is **DENIED**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order 3 days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest within such 20-day period after the party's presumed notice, this order shall not become final until such motion is overruled, or if rehearing is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

Each exception to the examiner's proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

Noncompliance with the provisions of this order is subject to enforcement by the Attorney General and subject to civil penalties of up to \$10,000.00 per day per violation.

Done this 23rd day of February, 2007, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN ELIZABETH A. JONES

COMMISSIONER MICHAEL L. WILLIAMS

COMMISSIONER VICTOR G. CARRILLO

ATTEST:

SECRETARY