

**RAILROAD COMMISSION OF TEXAS  
HEARINGS SECTION**

**OIL AND GAS DOCKET NO. 7B-0305782**

---

**APPLICATION OF PATTON EXPLORATION INC. TO SUPERCEDE PORTIONS OF THE FINAL ORDER IN OIL & GAS DOCKET NO. 7B-0297226: ENFORCEMENT ACTION AGAINST CRYSTAL RIVER OIL & GAS, LLC (191683) FOR VOILATIONS OF STATEWIDE RULES ON THE SCOGGINS, FLOSSIE E. (04185) LEASE, WELL NOS. 1, 2, 3, 4, 5, 6, 7, 8, 9, AND 10, THE SCOGGINS, FLOSSIE E. -A- (04186) LEASE, WELL NOS. 2, 4, AND 5, AND THE SCOGGINS UNIT (14005) LEASE, WELL NOS. 3 AND 4, ASPERMONT LAKE (CANYON SAND) FIELD, STONEWALL COUNTY, TEXAS AND ENABLE PATTON EXPLORATION, INC. TO BECOME OPERATOR OF RECORD AND PRODUCE SELECTED WELLS.**

---

**FINAL ORDER**

The Commission finds that after statutory notice the above-captioned proceeding was heard by the examiner and administrative law judge on September 14, 2017. Having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following Findings of Fact and Conclusions of Law.

**FINDINGS OF FACT**

1. Patton Exploration, Inc. (hereinafter "Patton") was given at least 10 days notice of this proceeding. Patton appeared at the scheduled time and place for the hearing through its attorney, David Nelson. Patton's President, Robert Patton, appeared by telephone, and presented evidence and testimony in support of the application. Patton has agreed on the record to waive issuance of a PFD and that this Final Order shall be effective as of the date a Master Order relating to this Final Order is signed.
2. Patton has a valid Form P-5, (Organization Report) on file with the Commission that was first filed on October 6, 1977. The most recent P-5 was filed on July 28, 2017. Patton has posted financial assurance with the Commission in the form of a \$50,000 line of credit which expires September 1, 2018.
3. Crystal River Oil & Gas, LLC was recognized as the operator of the Scoggins, Flossie E. (04185) Lease, Well Nos 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10, the Scoggins, Flossie E. -A- (04186) Lease, Well Nos. 2, 4, and 5, and the Scoggins Unit (14005) Lease, Well Nos. 3 & 4, (hereinafter "subject leases and wells") at the time the Final Order was issued in Oil & Gas Docket No. 7B-0297226 and it was ordered to plug the wells on these leases and pay an administrative penalty of \$96,923.00.
4. Patton provided a copy of a new lease granted to Patton Exploration, Inc. authorizing Patton to operate the subject lease and wells.

5. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 7B-0297226 that the designated wells on the Scoggins, Flossie E. Lease, the Scoggins, Flossie E. -A- Lease and the Scoggins Unit Lease be plugged is necessary to prevent waste.
  - (a) Patton filed a trespass to try title lawsuit in Stonewall County challenging the validity of the Crystal River Oil and Gas Lease, and shortly thereafter, in 2015 the wells on these leases were shut in.
  - (b) At the time the wells were shut in, they were capable of producing, and Patton plans to return them to production once the P-4 transfers are approved and it becomes the operator of record.
6. The requirement in the Final Order in Oil & Gas Docket 7B-0297226 that Crystal River Oil & Gas, LLC plug certain wells not included in this application, being the Scoggins, Flossie E. (04185) Lease, Well Nos. 1, 3, 4, 5, 6, 7, 8, and 10, the Scoggins, Flossie E. -A- (04186) Lease, Well No.5, and the Scoggins Unit (14005) Lease, Well No. 4, and that it pay an administrative penalty of \$96,923.00 will remain in effect.

#### CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to the appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Patton has a good faith claim of a right to operate the subject leases and the above referenced wells on the subject leases.
4. Patton has filed financial assurance in the type and amount required under Texas Natural Resources Code §91.107 to be approved as the operator of the subject lease.
5. A Final Order superceding portions of the Final Order entered in Oil & Gas Docket No. 7B-0297226 requiring plugging of wells on the Scoggins, Flossie E. Lease, the Scoggins, Flossie E. -A- Lease, and the Scoggins Unit Lease is necessary to prevent waste.
6. The Final Order in this Docket superceding the Final Order in Oil & Gas Docket 7B-0297226 is effective only as to the disposition of the following wells on the Scoggins, Flossie E. Lease, Well Nos. 2 and 9; the Scoggins, Flossie E. -A- Lease, Well Nos. 2 and 4, and the Scoggins Unit Lease, Well No 3, Stonewall County, and does not relieve Crystal River of its obligation to pay an administrative penalty of \$96,923.00 to the Railroad Commission and plug the remaining wells on the subject leases.
7. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of the parties, this Final Order is effective when a Master Order relating to this Final Order is signed on October 10, 2017.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 7B-0292776 requiring plugging the Scoggins, Flossie E. (04185) Lease, Wells Nos. 2 and 9, the Scoggins, Flossie E. -A- (04186) Lease, Wells Nos. 2 and 4, and the Scoggins Unit (14005) Lease, Well No. 3, Stonewall County, is hereby superceded. All other provisions of the Final Order shall remain in full force and effect.

It is further **ORDERED** that the Form P-4 (Certificate of Compliance and Transportation Authority) filed by Patton to change the operator of the Scoggins, Flossie E. (04185) Lease, Wells Nos. 2 and 9, the Scoggins, Flossie E. -A- (04186) Lease, Wells Nos. 2 and 4, and the Scoggins Unit (14005) Lease, Well No. 3 on Aspermont Lake (Canyon Sand) Field, Stonewall County, from Crystal River Oil & Gas, LLC to Patton Exploration, Inc. are hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on December 5, 2017, when the Master Order relating to this Final Order is signed.

All pending motions not previously granted are hereby denied.

Done this 5<sup>th</sup> day of December 2017 in Austin, Texas

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated  
December 5, 2017)**