

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

OIL & GAS DOCKET NO. 03-0251356

**APPLICATION OF JEFFERSON BLOCK 24 OIL & GAS, LLC TO REDUCE ITS
FINANCIAL ASSURANCE REQUIREMENT FOR INACTIVE OFFSHORE WELLS
PURSUANT TO STATEWIDE RULE 78(g), HIGH ISLAND BLK. 24L FIELD AREA,
OFFSHORE JEFFERSON COUNTY, TEXAS**

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on May 2, 2007, the examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record, 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 proposal for decision and the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, 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.

It is therefore **ORDERED** by the Railroad Commission of Texas that Jefferson Block 24 Oil & Gas, LLC shall be permitted to accept, by Form P-4 transfer, the wells identified in Appendix 1 to this Final Order by filing with the Railroad Commission of Texas, for the Form P-5 year commencing February 1, 2007, financial assurance in the amount of \$750,000, consisting of \$50,000 base amount as provided by Statewide Rule 78(g)(1)(B), \$100,000 entry level amount provided by Statewide Rule 78(g)(3)(A), and \$600,000 additional financial assurance of the type provided by Statewide Rule 78(g)(3)(B), provided that the Forms P-4 to transfer the wells to Jefferson Block 24 Oil & Gas, LLC must receive the approval of the Commission's Compliance Unit.

Each exception to the examiners' 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.

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 three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and

effective until such motion is overruled, or if such motion 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.

Done this 17th day of July, 2007.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN ELIZABETH A. JONES

COMMISSIONER MICHAEL L. WILLIAMS

COMMISSIONER VICTOR G. CARRILLO

ATTEST:

SECRETARY