

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

OIL & GAS DOCKET NO. 02-0242131

APPLICATION OF PETROGEN, INC., TO DETERMINE THE APPLICABILITY AND/OR REDUCTION OF THE AMOUNT OF FINANCIAL ASSURANCE REQUIREMENTS UNDER STATEWIDE RULE 78(G)(2) FOR WELL NOS. 1, 2, & 3 ON THE EMILY P. HAWES LEASE, (RRC GAS ID NOS. 117158, 117363, AND 117364), CALHOUN COUNTY, TEXAS.

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on March 30, 2005, 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.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that **Petrogen, Inc.** is not required to file additional financial assurance under Statewide Rule 78(g)(2) as the operator of the following three wells, as the wells are not bay wells as defined by Rule 78(a)(5):

1. Well No. 1, Emily P. Hawes Lease, (RRC Gas Id No. 117158), Hawes (Basal Miocene) Field, API No. 42-057-31340;
2. Well No. 2, Emily P. Hawes Lease, (RRC Gas Id No. 117363), Hawes (Basal Miocene) Field, API No. 42-057-31341; and
3. Well No. 3, Emily P. Hawes Lease, (RRC Gas Id No. 117364), Hawes (Basal Miocene) Field, API No. 42-057-31339.

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 it is actually mailed to the parties by the Commission. 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 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 ___ day of June 2005

RAILROAD COMMISSION OF TEXAS

CHAIRMAN VICTOR G. CARRILLO

COMMISSIONER MICHAEL L. WILLIAMS

COMMISSIONER ELIZABETH A. JONES

ATTEST:

SECRETARY