

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL AND GAS DOCKET NO. 01-0273766

APPLICATION OF COUGAR OPERATING, LLC TO SUPERCEDE THE PROVISIONS OF THE FINAL ORDER IN DOCKET NO. 01-0252387 ISSUED SEPTEMBER 23, 2008 REQUIRING L.O. OIL & GAS, LLC TO PLUG THE BRAWLEY, F. (06683) LEASE, WELL NO. 2, LULING-BRANYON FIELD, CALDWELL COUNTY, TEXAS ENABLING THE APPLICANT TO BECOME THE OPERATOR OF RECORD.

FINAL ORDER

The Commission finds that after statutory notice the above-captioned proceeding was heard by the examiners on January 5, 2012. 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. L.O. Oil & Gas, LLC (hereinafter "L.O.") and Cougar Operating, LLC (hereinafter "Cougar") were given at least 10 days notice of this proceeding. Cougar appeared at the scheduled time and place for the hearing through its Consultant, Dale Miller, and Managing member, Paul McCarthy and presented evidence. L.O. did not appear. Cougar 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. Cougar filed its first Commission Form P-5 (Organization Report) with the Commission on April 8, 2011 and is currently active. Cougar has posted financial assurance with the Commission in the form of a \$25,000 Letter of Credit which expires June 30, 2012.
3. L.O. was recognized as the operator of the Brawley, F. (06683) Lease, Well Nos. 1 and 2 after filing Commission Forms P-4 (Producer's Transportation Authority and Certificate of Compliance), effective July 1, 2003.
4. In Oil & Gas Docket No. 01-0252387, L.O. was ordered to plug the Brawley, F. (06683) Lease, Well No. 2, and pay an administrative penalty of \$8,000.00.
5. Cougar provided a copy of a lease on the subject wells granted by William Brawley to Cougar Resources, LLC. Cougar Operating, LLC is the operator for Cougar Resources, LLC.

6. Cougar has filed a two-signature Form P-4 with the Commission seeking to become operator of the Brawley, F. (06683) lease, Well Nos. 1 and 2, Luling-Branyon Field, Caldwell County, Texas.
7. Cougar Operating, LLC has no affiliation with L.O. Oil & Gas, LLC.
8. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 01-0252387 that the Brawley, F. (06683) Lease, Well No. 2 be plugged is necessary to prevent waste. Cougar has tested Well Nos. 1 and 2 on the Brawley, F. (06683) lease and believes the two wells together will produce 20 BO per day.
9. The requirement in the Final Order in Oil & Gas Docket 01-0252387 that L.O. Oil & Gas, LLC pay an administrative penalty of \$8,000.00 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. Cougar Operating, LLC has a good faith claim of a right to operate the subject lease.
4. Cougar Operating, LLC 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 the Final Order entered in Oil & Gas Docket No. 01-0252387 requiring plugging of Well No. 2 on the Brawley, F. (06683) Lease, Caldwell County, is necessary to prevent waste.
6. The Final Order in this Docket superceding the Final Order in Oil & Gas Docket 01-0252387 is effective only as to removing the plugging requirement for Well No. 2 on the Brawley, F. (06683) SWD Lease, Caldwell County, and does not relieve L.O. Oil & Gas, LLC of its obligation to pay an administrative penalty of \$8,000.00 to the Railroad Commission.
7. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of Cougar Operating, LLC, this Final Order is effective when a Master Order relating to this Final Order is signed on January 24, 2012.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 01-0252387 requiring plugging of Well No. 2 on the Brawley, F. (06683) Lease, Caldwell County is hereby superceded. All other provisions of the Final Order shall remain in full force and effect.

It is further **ORDERED** that the two-signature Form P-4 (Certificate of Compliance and Transportation Authority) filed by Cougar Operating, LLC to change the operator of Well Nos. 1 and 2 on the Brawley, F. (06683) Lease, Luling-Branyon Field, Caldwell County, from L.O. Oil & Gas, LLC to Cougar Operating, LLC is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on January 24, 2012, when the Master Order relating to this Final Order is signed.

All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 24th day of January, 2012, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
January 24, 2012)**