

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

OIL & GAS DOCKET NO. 02-0254650

APPLICATION OF REMORA MANAGEMENT, LLC TO SUPERCEDE THE FINAL ORDER SIGNED ON OCTOBER 23, 2007, IN OIL & GAS DOCKET NO. 02-0252223 REQUIRING THAT THE MATTHEWS-KUESTER LEASE, WELL NO. 7 (RRC NO. 171759), HELEN GOHLKE (YEGUA K) FIELD, DEWITT COUNTY, TEXAS BE PLUGGED, ENABLING REMORA MANAGEMENT, LLC TO BECOME THE OPERATOR OF RECORD

FINAL ORDER

The Commission finds that after statutory notice the captioned proceeding was heard by the examiner on January 16, 2008. The proceeding 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. At least 10 days notice of this proceeding was given to Remora Management, LLC (“Remora”) and Tejas Operating, LLC (“Tejas”). Remora appeared at the hearing on January 16, 2008, and presented evidence. No person appeared in opposition to the application. Remora stated on the record that it waived the issuance of a proposal for decision and consented to making the final order effective immediately upon signature by the Commissioners.
2. On October 23, 2007, the Commission signed a final order in Oil & Gas Docket No. 02-0252223 requiring, among other things, that Tejas plug the Matthews-Kuester Lease, Well No. 7 (RRC No. 171759) (“subject well”), Helen Gohlke (Yegua K) Field, DeWitt County, Texas.
3. Tejas has not complied with the final order in Oil & Gas Docket No. 02-0252223 by plugging the subject well, and continues to be the designated operator of the well on records of the Commission. The Form P-5 organization report of Tejas has been delinquent since October 1, 2007, and Tejas is subject to a SB 639 taint that precludes P-5 renewal.
4. On November 19, 2007, Remora filed with the Commission a Form P-4 (Certificate of Compliance and Transportation Authority) requesting that the Commission approve a change of operator for the subject well from Tejas to Remora.

5. On December 3, 2007, Remora filed a request for hearing to consider whether the Commission should enter an order superceding the final order in Oil & Gas Docket No. 02-0252223 insofar as it required that the subject well be plugged.
6. Remora has an active Form P-5 organization report and approved financial assurance in the amount of \$50,000, which is sufficient to enable Remora to take a transfer of the subject well without posting additional financial assurance.
7. There are no common officers or directors, and no other affiliation or connection, between Remora and Tejas.
8. Remora Resources, Ltd. has a currently effective oil and gas lease covering the property on which the subject well is located. This provides Remora Management, LLC with a right to operate the subject well because Remora Resources, Ltd. is the parent corporation for Remora Management, LLC, and Remora Management, LLC is the operating company for Remora Resources, Ltd.
9. Superceding the final order in Oil & Gas Docket No. 02-0252223 insofar as it required that the subject well be plugged, and permitting Remora to become the designated operator of the well, will prevent the ultimate loss of hydrocarbons.
 - a. The subject well formerly was completed in the Helen Gohlke (Wilcox) Field. In 1998, Tejas plugged back the well to the Helen Gohlke (Yegua K) Field.
 - b. After plug back, Tejas produced the well from the Yegua K zone to depletion. Last reported production for the well was in December 2002. Subsequently, Tejas shut-in the well and abandoned it without performing a required H-15 test and without plugging the well, leading to the Commission's plug order in Oil & Gas Docket No. 02-0252223.
 - c. With Commission approval, Remora has taken over other wells from Tejas on the same mineral lease as the subject well.
 - d. Based on log analysis and production from offset wells, Remora believes that the Wilcox zone in the subject well was prematurely abandoned.
 - e. The Matthews-Kuester Lease, Well No. 6, which is now operated by Remora and located about 1,000 feet away from the subject well, currently is producing about 50 BOPD. The subject well is structurally high to the Matthews-Kuester, Well No. 6 and is believed by Remora to be productive in the Wilcox.

- f. If approved as operator of the subject well, Remora plans to seek approval to recomplete the well back to the Helen Gohlke (Wilcox) Field and restore the well to production.
 - g. Based upon production of offset wells, Remora believes that the proposed recompletion to the Helen Gohlke (Wilcox) Field will be economic, whereas drilling a new well to recover the same reserves would not be economic.
10. Superceding the final order in Oil & Gas Docket No. 02-0252223 insofar as it required that the subject well be plugged, and permitting Remora to become the designated operator of the well, will not endanger natural resources or circumvent Commission rules.

CONCLUSIONS OF LAW

- 1. Proper notice of hearing was timely issued by the Railroad Commission to appropriate persons legally entitled to notice.
- 2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties to this hearing have been performed or have occurred.
- 3. Remora Management, LLC is an active operator and has sufficient financial assurance on file with the Commission pursuant to Texas Natural Resources Code §§91.104, 91.1042, and 91.107.
- 4. Conditions respecting the subject well have changed since issuance of the Commission's final order in Oil & Gas Docket No. 02-0252223.
- 5. Remora Management, LLC has a good faith claim of a current right to operate the subject well.
- 6. Superceding the final order in Oil & Gas Docket No. 02-0252223 insofar as it required that the subject well be plugged, and permitting Remora Management, LLC to become the designated operator of the well, will promote conservation of natural resources and prevention of waste pursuant to Texas Natural Resources Code §85.201.
- 7. Pursuant to Texas Government Code §2001.144(a)(4), and the agreement and consent of all parties, this Final Order is effective when a Master Order relating to this Final Order is signed on February 12, 2008.

It is accordingly **ORDERED** that the final order signed on October 23, 2007, in Oil & Gas Docket No. 02-0252223 is hereby superceded only insofar as it required that the Matthews-Kuester Lease, Well No. 7 (RRC No. 171759), Helen Gohlke (Yegua K) Field, DeWitt County, Texas, be plugged. All other provisions of the final order in Oil & Gas Docket No. 02-0252223 remain in full force and effect.

It is further **ORDERED** that the Form P-4 (Certificate of Compliance and Transportation Authority) filed with the Commission on November 19, 2007, by Remora Management, LLC, requesting a change of operator of the Matthews-Kuester Lease, Well No. 7 (RRC No. 171759), Helen Gohlke (Yegua K) Field, DeWitt County, Texas, from Tejas Operating, LLC to Remora Management, LLC is hereby **APPROVED**.

It is further **ORDERED** that this Final Order shall be effective on February 12, 2008, 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 12th day of February 2008, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
February 12, 2008)**