

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

**OIL AND GAS DOCKET No. 03-0266626**

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**APPLICATION OF LIVE OAK OPERATING AND PRODUCTION, LLC TO SUPERCEDE THE PROVISIONS OF THE FINAL ORDER IN DOCKET No. 03-0225839 SIGNED ON DECEMBER 20, 2002 REQUIRING THE PLUGGING OF WELL No. 1, LEVY, MABLE LIPPER (02445) LEASE, HUMBLE LIGHT (RIVERSIDE) FIELD, HARRIS COUNTY, TEXAS, ENABLING LIVE OAK OPERATING AND PRODUCTION, LLC TO BECOME THE OPERATOR OF RECORD.**

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**FINAL ORDER**

The Commission finds that after statutory notice the above-captioned proceeding was heard by the examiner on August 18, 2010. 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. Live Oak Operating and Production, LLC (hereinafter "Live Oak") and Errol Bruce Gary DBA Gary Oil & Gas (hereinafter "Gary") were given at least 10 days notice of this proceeding. Live Oak appeared at the scheduled time and place for the hearing through its Manager, Paul Cothran and its Consultant, Dale Miller, and presented evidence. Gary did not appear. Live Oak 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. Live Oak filed its first Commission Form P-5 (Organization Report) with the Commission on April 21, 2008, and filed its most recent Commission Form P-5 on March 25, 2010. Live Oak has posted financial assurance with the Commission in the form of a \$50,000 bond, which expires September 30, 2011.
3. Gary was recognized as the operator of the Levy, Mable Lipper (02445) Lease, Well No. 1 (hereinafter "subject lease and well") after filing Commission Forms P-4 (Producer's Transportation Authority and Certificate of Compliance), effective February 1, 1997.
4. In Oil & Gas Docket No. 03-0225839, Gary was ordered to plug the Levy, Mable Lipper (02445) Lease, Well No. 1, and pay an administrative penalty of \$10,000.
5. Live Oak provided a copy of a lease dated August 14, 2009 with a three year primary term on the subject lease and well granted by Dianne C. Stribling to Spectral Oil & Gas Corporation. Live Oak also provided a Partial Assignment from Spectral Oil & Gas

Corporation to Live Oak.

6. Superseding the requirement in the Final Order entered in Oil & Gas Docket No. 03-0225839 that the Levy, Mable Lipper (02445) Lease, Well No. 1 be plugged is necessary to prevent waste.
  - (a) A log of the field interval has six production zones totaling 100 feet. Live Oak will test these horizons and produce them.
  - (b) Allowing Live Oak to test the six productive zones in the field may result in the production of hydrocarbons that would otherwise be wasted..
7. The requirement in the Final Order in Oil & Gas Docket 03-0225839 that Gary pay an administrative penalty of \$10,000.00 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. Live Oak has a good faith claim of a right to operate the subject lease.
4. Live Oak 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 superseding the Final Order entered in Oil & Gas Docket No. 03-0225839 requiring plugging of Well No. 1 on the Levy, Mable Lipper (02445) Lease, Harris County, is necessary to prevent waste.
6. The Final Order in this Docket superseding the Final Order in Oil & Gas Docket 03-0225839 is effective only as to the disposition of Well No. 1 on the Levy, Mable Lipper (02445) Lease, Harris County, and does not relieve Gary of its obligation to pay an administrative penalty of \$10,000.00 to the Railroad Commission.
7. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of Live Oak, this Final Order is effective when a Master Order relating to this Final Order is signed on September 14, 2010.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 03-0225839 requiring plugging of Well No. 1 on the Levy, Mable Lipper (02445) Lease, Harris County is hereby superseded. 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 Live Oak to change the operator of Well No. 1 on the Levy, Mable Lipper (02445) Lease, Humble Light (Riverside) Field, Harris County, from Gary Oil & Gas to Live Oak Operating and Production, LLC is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on September 14, 2010, 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 14th day of September, 2010, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated  
September 14, 2010)**