

**RAILROAD COMMISSION OF TEXAS  
HEARINGS SECTION**

**OIL & GAS DOCKET NO. 03-0277266**

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**APPLICATION OF H.E.R. OPERATING, LLC TO SUPERCEDE THE FINAL ORDER SIGNED MAY 9, 2011, IN OIL AND GAS DOCKET NO. 03-0267052 ORDERING THE PLUGGING OF WELL NO. 1 ON THE RICHARDSON, MITTIE T. LEASE, HULL FIELD, LIBERTY COUNTY, TEXAS, AND FURTHER TO APPROVE APPLICANT AS THE OPERATOR OF RECORD**

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**FINAL ORDER**

The Commission finds that after statutory notice, the captioned proceeding was heard by the examiners on August 3, 2012. This proceeding was 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 H.E.R. Operating, LLC (“HER”) and MJ Oil, Inc. (“MJ”). HER appeared at the hearing on August 3, 2012, and presented evidence. No person appeared at the hearing in opposition to the application. HER has waived the issuance of a proposal for decision in this docket and has agreed, on the record, that this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.
2. On May 9, 2011, the Commission signed the Final Order in Oil & Gas Docket No. 03-0267052 requiring, among other things, that MJ plug the Richardson, Mittie T. (08120) Lease, Well No. 1 (the “*subject well*”), in the Hull Field, Liberty County, Texas.
3. MJ has not complied with the Final Order in Oil & Gas Docket No. 03-0267052 by plugging the subject well, and MJ presently is designated operator of the subject well on the records of the Commission. The Commission has officially noticed that the Form P-5 Organization Report of MJ has been delinquent since June 1, 2010.
4. HER has filed with the Commission a Form P-4 (Certificate of Compliance and Transportation Authority) requesting a change of operator of the subject well and lease from MJ to HER.
5. On June 13, 2012, HER filed with the Commission a request for a hearing to consider whether the Commission should enter an order superceding the Final Order in Oil & Gas Docket No. 03-0267052 insofar as it required that the subject well be plugged.
6. HER has an active Form P-5 organization report and approved financial assurance on file in the amount of \$50,000. HER’s amount of financial assurance is sufficient to cover the subject well in the event it is transferred to HER.
7. HER has a good faith claim to a right to operate the subject well.

- a. HER is the lessee in an Oil, Gas, and Mineral Lease dated January 24, 2012, and made by the mineral owner of approximately 76.5 acres of land on which the subject well is located. The lease has a primary term of three years and is currently in effect.
8. Superseding the Final Order in Oil & Gas Docket No. 03-0267052 insofar as it required that the subject well be plugged and permitting HER to become the designated operator of the subject well likely will prevent the ultimate loss of hydrocarbons.
  - a. Production for the subject well was last reported to the Commission in December 2006.
  - b. HER intends to clean up the well site and gas sales station, run a log on the well, test the well, install a velocity string and gas compressor, and restore the well to production.
  - c. HER has researched seven wells surrounding the subject well and calculated the cumulative oil and gas production for these surrounding wells. HER believes that the subject well should be capable of producing a cumulative amount of oil and gas comparable to the average of the seven surrounding wells. Considering the amount that the subject well has already produced, HER anticipates it will produce 100 to 200 MCF of gas and 3 to 5 barrels of oil per day.
  - d. Use of the existing wellbore of the subject well to recover the remaining hydrocarbons from the Richardson, Mittie T. Lease will be more practical and economical than drilling a new well to recover the same reserves.
9. There is no affiliation between HER and MJ.
10. There is no evidence that superseding the Final Order in Oil & Gas Docket No. 03-0267052 insofar as it required that the subject well be plugged and permitting HER to become the designated operator of the well will endanger natural resources or circumvent Commission rules.

#### **Conclusions of Law**

1. The Railroad Commission timely issued proper notice of hearing 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. HER 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. 03-0267052.

5. HER has a good faith claim to a current right to operate the subject well.
6. Superceding the Final Order in Oil & Gas Docket No. 03-0267052 insofar as it required that the subject well be plugged and permitting HER 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 November 6, 2012.

It is accordingly **ORDERED** that the Final Order signed May 9, 2011, in Oil and Gas Docket No. 03-0267052 is hereby superceded only insofar as it required that the Richardson, Mittie T. (08120) Lease, Well No. 1, Hull Field, Liberty County, Texas, be plugged. All other provisions of the Final Order in Oil and Gas Docket No. 03-0267052 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 requesting a change of operator of the Richardson, Mittie T. (08120) Lease, Well No. 1, Hull Field, Liberty County, Texas, from MJ Oil, Inc. to H.E.R. Operating, LLC is hereby **APPROVED**.

It is further **ORDERED** that this Final Order shall be effective on November 6, 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 6th day of November 2012 in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed  
by Unprotested Master Order dated  
November 6, 2012.)**