

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

OIL AND GAS DOCKET NO. 03-0259778

APPLICATION OF LEEUXUS OIL, LLC TO SUPERCEDE THE PROVISIONS OF THE FINAL ORDER IN OIL & GAS DOCKET NO. 03-0232385, ISSUED JUNE 27, 2003, REQUIRING THAT THE LOEBAU (22122) LEASE, WELL NO. 1, GIDDINGS (AUSTIN CHALK-3) FIELD, LEE COUNTY, TEXAS BE PLUGGED, ENABLING APPLICANT TO BECOME THE OPERATOR OF RECORD.

FINAL ORDER

The Commission finds that after statutory notice the above-captioned proceeding was heard by the examiner on November 10, 2008. 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. Leexus Oil, LLC (hereinafter "Leexus") and Wooldridge Oil & Gas (hereinafter "Wooldridge") were given at least 10 days notice of this proceeding. Leexus appeared at the scheduled time and place for the hearing through its attorney, John Soule, and its President, Mark Jaehne (hereinafter "Jaehne"). Wooldridge did not appear. Leexus has agreed on the record that this Final Order shall be effective as of the date a Master Order relating to this Final Order is signed.
2. Leexus filed its first Commission Form P-5 (Organization Report) with the Commission on July 22, 2008. Previously, the operator name was Leexus Oil & Gas, LLP, formed July 13, 2000, with Jaehne as a partner. That entity is now delinquent. Leexus has posted financial assurance with the Commission in the form of a \$50,000 bond from Lexon Insurance Company which expires November 30, 2009.
3. Wooldridge was recognized as the operator of the Loebau (22122) Lease, Well No. 1 (hereinafter "subject lease" and "subject well") after filing a Commission Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective February 1, 2000.
4. In Oil & Gas Docket No. 03-0232385, Wooldridge was ordered to plug the Loebau (22122) Lease, Well No. 1, and pay an administrative penalty of \$3,350. Wooldridge has not complied with the terms of the Final Order in Oil & Gas Docket No. 03-0232385.

5. Leexus has provided evidence of its good faith claim to operate the subject lease and wells by presenting three leases covering the relevant tract effective November 17, 2007 with a one year primary term, and each with an attached Oil, Gas and Mineral Lease Exhibit “A” containing the option to extend the primary term of the leases an additional 12 months.
6. Leexus operates a total of 14 wells at the present time, many in the same area as the applied-for wells, and is experienced in operating in the Giddings (Austin Chalk) Field.
7. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 03-0232385 that the Loebau (22122) Lease, Well No. 1 be plugged is necessary to prevent waste.
 - (a) Jaehne testified that the Gidding (Austin Chalk) Field is “brittle” in this area. It is his belief that the well is blocked with debris.
 - (b) Comparable wells in this area produced, on average, 150,000 BO. The applied-for well produced only 40,000 BO. Jaehne testified that if the well is cleaned out, it may produce an additional 110,000 BO.
 - (c) Jaehne also testified that this well was completed only in the Giddings (Austin Chalk-3) Field. He notes that other productive intervals have not been tested, particularly the “B” Section and the “D” Section. If Leexus drills laterals in these sections, over 100,000 BO may be recovered.
8. Leexus has agreed on the record to waive issuance of a PFD in this Docket.
9. Leexus has agreed on the record that, pursuant to the provisions of Texas Government Code §2001.144(a)(4), the P-4 transfer of the applied-for well will be effective on the day the Order is signed by the Commissioners.

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. Leexus Oil, LLC has a good faith claim of a right to operate the subject lease.
4. Leexus Oil, 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. An Order superceding the Final Order entered in Oil & Gas Docket No. 03-0232385 requiring plugging of Well No. 1 on the Loebau (22122) Lease, Lee County, is necessary to prevent waste.
6. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of Leexus, this Final Order is effective when a Master Order relating to this Final Order is signed on December 16, 2008.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 03-0232385 requiring plugging of Well No. 1 on the Loebau (22122) Lease, Lee County is hereby superceded. 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 Leexus Oil, LLC to change the operator of Well No. 1 on the Loebau (22122) Lease, Lee County, from Wooldridge Oil & Gas to Leexus Oil, LLC is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on December 16, 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 16th day of December, 2008, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated
December 16, 2008)**