

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL & GAS DOCKET NO. 6E-0269507

APPLICATION OF MIKEN OIL, INC. TO SUPERCEDE THE FINAL ORDER SIGNED ON AUGUST 10, 2010, IN OIL & GAS DOCKET NO. 6E-0260807 REQUIRING THAT THE DOUGLAS MARTIN (07156) LEASE, WELL NO. 2, EAST TEXAS FIELD, GREGG COUNTY, TEXAS, BE PLUGGED, ENABLING MIKEN OIL, INC. TO BECOME THE OPERATOR OF RECORD

FINAL ORDER

The Commission finds that after statutory notice the captioned proceeding was heard by the examiner on March 14, 2011. 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 Miken Oil, Inc. (“Miken”) and Glade Operating Co. (“Glade”). Miken appeared at the hearing on March 14, 2011, and presented evidence. No person appeared at the hearing in opposition to the application. Miken 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 August 10, 2010, the Commission signed a Final Order in Oil & Gas Docket No. 6E-0260807 requiring, among other things, that Glade plug the Douglas Martin (07156) Lease, Well No. 2, East Texas Field, Gregg County, Texas.
3. Glade has not complied with the Final Order in Oil & Gas Docket No. 6E-0260807 by plugging the subject well, and Glade presently is the designated operator of the well on records of the Commission. The Commission has officially noticed that the Form P-5 organization report of Glade has been delinquent since November 1, 2010.
4. Miken has filed with the Commission a Form P-4 (Certificate of Compliance and Transportation Authority), signed on behalf of both Miken and Glade, requesting a change of operator of the subject lease and well from Glade to Miken.

5. On January 24, 2011, Miken filed with the Commission a request for hearing to consider whether the Commission should enter an order superceding the Final Order in Oil & Gas Docket No. 6E-0260807 insofar as it required that the subject well be plugged.
6. The Commission has officially noticed that Miken has an active Form P-5 organization report and approved financial assurance on file in the amount of \$50,000. Miken's financial assurance is in a sufficient amount to cover the subject well in the event it is transferred to Miken.
7. Miken has a good faith claim to a right to operate the subject lease and well. Miken is named as the lessee in three September 23, 2010, Oil, Gas and Mineral Leases made by the mineral owners of the three acre tract where the subject well is located. These leases have a primary term of three years and currently are in effect.
8. Superceding the Final Order in Oil & Gas Docket No. 6E-0260807 insofar as it required that the subject well be plugged, and permitting Miken to become the designated operator of the well, likely will prevent the ultimate loss of hydrocarbons.
 - a. Production for the subject well was last reported to the Commission in March 2000.
 - b. Miken intends to clean-out the subject well, equip the well with a pumping unit, and restore the well to production.
 - c. There is a producing well in the subject field, the Basa Resources Inc. Spear No. 2, about 420 feet southeast of the Douglas Martin (07156) Lease, Well No. 2 which has an oil potential and allowable of four BOPD. Miken is hopeful that when the subject well is cleaned-out and re-equipped, the well can achieve production equal to the potential of the Spear No. 2 well. Plugging the subject well would foreclose the opportunity to recover this amount of oil.
9. There is no affiliation between Miken and Glade.
10. There is no evidence that superceding the Final Order in Oil & Gas Docket No. 6E-0260807 insofar as it required that the subject well be plugged, and permitting Miken to become the designated operator of the well, will 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. Miken Oil, Inc. 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. 6E-0260807.
5. Miken Oil, Inc. has a good faith claim of a current right to operate the subject well.
6. Superseding the Final Order in Oil & Gas Docket No. 6E-0260807 insofar as it required that the subject well be plugged, and permitting Miken Oil, Inc. 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 April 18, 2011.

It is accordingly **ORDERED** that the Final Order signed on August 10, 2010, in Oil & Gas Docket No. 6E-0260807 is hereby superseded only insofar as it required that the Douglas Martin (07156) Lease, Well No. 2, East Texas Field, Gregg County, Texas, be plugged. All other provisions of the Final Order in Oil & Gas Docket No. 6E-0260807 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 Douglas Martin (07156) Lease, Well No. 2, East Texas Field, Gregg County, Texas, from Glade Operating Co. to Miken Oil, Inc. is hereby **APPROVED**.

It is further **ORDERED** that this Final Order shall be effective on April 18, 2011, 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 18th day of April, 2011, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
April 18, 2011)**