

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL AND GAS DOCKET NO. 8A-0269373

APPLICATION OF P.O.&G. OPERATING, LLC TO SUPERCEDE THE PROVISIONS OF THE FINAL ORDER IN OIL & GAS DOCKET NO. 8A-0261746 SIGNED ON JULY 14, 2009, REQUIRING THE PLUGGING OF THE GRIFFIN "C" (64145) LEASE, WELL NO. 1, HOBO (PENNSYLVANIAN) FIELD, BORDEN COUNTY, TEXAS, ENABLING P.O.&G. OPERATING, LLC 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 March 11, 2011. 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. P.O.&G. Operating, LLC (hereinafter "P.O.&G.") and Platinum Exploration, Inc. (hereinafter "Platinum") were given at least 10 days notice of this proceeding. P.O.&G. appeared at the scheduled time and place for the hearing through its president, Steven Pfeifer. Platinum did not appear.
2. P.O.&G. last filed its Commission Form P-5 (Organization Report) with the Commission on October 1, 2010. P.O.&G. has posted financial assurance with the Commission in the form of a \$250,000 bond which expires March 31, 2012.
3. Platinum was recognized as the operator of the Griffin "C" (64145) Lease (hereinafter "subject lease") after filing a Commission Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective July 1, 2001.
4. In Oil & Gas Docket No. 8A-0261746, Platinum was ordered to plug Well No. 1 on the Griffin "C" (64145) Lease, and pay an administrative penalty of \$9,500. Platinum has not complied with the terms of the Final Order in Oil & Gas Docket No. 8A-0261746.
5. P.O.&G. has provided evidence of its good faith claim to operate the subject lease and wells by presenting a lease covering the relevant tract effective January 12, 2011 with a three (3) year primary term. In addition, P.O.&G. has no affiliation with Platinum.

6. P.O.&G. has filed with the Commission a single-signature Form P-4 (Producer's Certificate of Compliance and Transportation Authority) to become the operator of Well No. 1 on the Griffin "C" (64145) Lease.
7. P.O.&G. operates a total of 90 wells at the present time. In addition, P.O.&G. operates a number of wells that were superceded by Commission order from Platinum in other dockets. Some of those wells include the Griffin, T. L. "6-A" (02665), Griffin, T. L. "6-B" (02666), and Griffin, T. L. "6-C" (02667), which are all located in the Hobo (Pennsylvanian) Field, the same field as the subject well. P.O.&G took those over in September 2008, consolidated them into the Griffin Ranch (69306) Lease, and to date, the wells have produced 18,568 bbl of oil and 24,413 mcf of gas.
8. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 8A-0261746 that the Griffin "C" (64145) Lease, Well No. 1 be plugged, is necessary to prevent waste. P.O.&G. introduced evidence that the well, drilled in 1982, was a steady producer until 1994, when it was taken offline. P.O.&G. believes that it can restore it to production, and expects approximately 10-15 bpd, as well as 15-20 mcf/d once production is restored. P.O.&G. plans to utilize a submersible pump to reestablish production, as it has used in operating the offset Griffin Ranch (69306) Lease, as discussed in Finding of Fact No. 7.
9. P.O.&G. has agreed on the record to waive issuance of a PFD in this Docket.
10. P.O.&G. 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 wells 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. P.O.&G. has a good faith claim of a right to operate the subject lease and wells.
4. P.O.&G. 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. 8A-0261746 requiring plugging of Well No. 1 on the Griffin "C" (64145) Lease, Hobo (Pennsylvanian) Field, Borden County, Texas, is necessary to prevent waste.

6. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of P.O.&G., this Final Order is effective when a Master Order relating to this Final Order is signed on April 19, 2011.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 8A-0261746 requiring plugging of Well No. 1 on the Griffin (64145) Lease, Borden 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 P.O.&G. to change the operator of Well No. 1 on the Griffin "C" (64145) Lease, Hobo (Pennsylvanian) Field, Borden County, Texas, from Platinum Exploration to P.O.&G. Operating, LLC is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on April 19, 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 5th day of April, 2011, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
April 5, 2011)**