

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL & GAS DOCKET NO. 02-0240478

APPLICATION OF AMERICAN COASTAL ENERGY, INC., TO CONSIDER REDUCTION OF THE AMOUNT OF FINANCIAL ASSURANCE REQUIRED PURSUANT TO STATEWIDE RULE 78(g) FOR VARIOUS LEASES IN RAILROAD COMMISSION DISTRICTS 2 AND 3, CALHOUN COUNTY, TEXAS

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on November 15, 2004, the examiner has made and filed a proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record, and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the proposal for decision and the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

It is accordingly **ORDERED** that the application of American Coastal Energy, Inc., pursuant to Statewide Rule 78(g)(5), for a reduction in the amount of financial security required by Statewide Rule 78(g)(3) is **DENIED**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party of interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

Each exception to the examiner's proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

Done this ____ day of _____, 2004, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN VICTOR G. CARRILLO

COMMISSIONER CHARLES R. MATTHEWS

COMMISSIONER MICHAEL L. WILLIAMS

ATTEST:

SECRETARY