

RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0285352

APPLICATION OF DULA PRODUCTION LLC TO SUPERCEDE THE FINAL ORDER ENTERED JANUARY 24, 2012, IN OIL & GAS DOCKET NO. 01-0265903 REQUIRING ALCOR ENERGY INC. TO PLUG THE KING-HALL ESTATE (13990) LEASE, WELL NO. 2, NIXON FIELD, WILSON COUNTY, TEXAS, AND FURTHER TO ENABLE THE APPLICANT TO BECOME THE OPERATOR OF RECORD

FINAL ORDER

The Commission finds that after statutory notice, the captioned proceeding was heard by the examiners on November 18, 2013. 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 Dula Production, LLC (“*Dula*”) and Alcor Energy, Inc. (“*Alcor*”). Dula appeared at the hearing on November 18, 2013, and presented evidence. No person appeared at the hearing in opposition to the application. Dula has waived the issuance of a proposal for decision in this docket and has agreed that this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.
2. On January 24, 2012, the Commission signed the Final Order in Oil & Gas Docket No. 01-0265903 requiring, among other things, that Alcor plug the King-Hall Estate (13990) Lease, Well No. 2 (the “*subject well*”), in the Nixon Field, Wilson County, Texas.
3. Alcor has not complied with the Final Order in Oil & Gas Docket No. 01-0265903 by plugging the subject well, and Alcor presently is designated operator of the subject well on the records of the Commission. The Form P-5 Organization Report of Alcor has been delinquent since 2011.
4. Dula 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 Alcor to Dula.
5. On October 24, 2013, Dula 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. 01-0265903 insofar as it required that the subject well be plugged.

6. Dula has an active Form P-5 organization report and approved financial assurance on file in the amount of \$25,000. Dula's amount of financial assurance is sufficient to cover the subject well in the event it is transferred to Dula.
7. Dula has a good faith claim to a right to operate the subject well.
 - a. Dula is the lessee in an Oil, Gas, and Mineral Lease dated October 10, 2013, and made by the mineral owners of approximately 159.96 acres of land on which the subject well is located. The lease has a primary term of six months and is currently in effect.
8. Superceding the Final Order in Oil & Gas Docket No. 01-0265903 insofar as it required that the subject well be plugged and permitting Dula 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 August 2004.
 - b. Dula intends to restore the well to production.
 - c. Dula operates at least one other well in the vicinity of the subject well. Based on the production from this other well, Dula believes that the subject well is capable of production.
 - d. Use of the existing subject well to recover the remaining hydrocarbons from the King-Hall Estate Lease will be more practical and economical than drilling a new well to recover the same reserves.
9. There is no affiliation between Dula and Alcor.
10. There is no evidence that superceding the Final Order in Oil & Gas Docket No. 01-0265903 insofar as it required that the subject well be plugged and permitting Dula 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. Dula 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. 01-0265903.

5. Dula has a good faith claim to a current right to operate the subject well.
6. Superceding the Final Order in Oil & Gas Docket No. 01-0265903 insofar as it required that the subject well be plugged and permitting Dula to become the designated operator of the subject 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 December 18, 2013.

It is accordingly **ORDERED** that the Final Order signed January 24, 2012, in Oil and Gas Docket No. 01-0265903 is hereby **SUPERCEDED** only insofar as it required that the King-Hall Estate (13990) Lease, Well No. 2, Nixon Field, Wilson County, Texas, be plugged. All other provisions of the Final Order in Oil and Gas Docket No. 01-0265903 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 King-Hall Estate (13990) Lease, Well No. 2, Nixon Field, Wilson County, Texas, from Alcor Energy Inc. to Dula Production LLC is hereby **APPROVED**.

It is further **ORDERED** that this Final Order shall be effective on December 18, 2013, 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 December 2013 in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Unprotested Master Order dated
December 18, 2013.)**