

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

OIL AND GAS DOCKET NO. 01-0253995

APPLICATION OF STINGRAY OIL COMPANY, INC. TO SUPERCEDE THE PROVISIONS OF THE FINAL ORDER IN OIL & GAS DOCKET NO. 01-0229183 ISSUED DECEMBER 21, 2001 REQUIRING THE PLUGGING OF THE CALTON, A.D. (01229) LEASE, WELL NOS. 1, 2 AND 4, MINERVA-ROCKDALE FIELD, MILAM COUNTY, TEXAS, ENABLING STINGRAY OIL COMPANY, INC. 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 15, 2007. 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. Stingray Oil Company, Inc. (hereinafter "Stingray") and Little River Operating Corporation (hereinafter "Little River") were given at least 10 days notice of this proceeding. Stingray appeared at the scheduled time and place for the hearing through its President, Barry Friemel. Little River did not appear. Stingray 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. Stingray filed its first Commission Form P-5 (Organization Report) with the Commission on June 12, 2006, and filed its most recent Commission Form P-5 on May 30, 2007. Stingray has posted financial assurance with the Commission in the form of a \$50,000 letter of credit which expires September 12, 2008.
3. Little River was recognized as the operator of the Calton, A.D. (01229) Lease (hereinafter "subject lease") 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. 01-0229183, Little River was ordered to plug Well No. 101 on the Fee (01199) Lease, to plug Well Nos. 1, 2 and 4 on the Calton, A.D. (01229) Lease and pay an administrative penalty of \$12,750. Little River has not complied with the terms of the Final Order in Oil & Gas Docket No. 01-0229183.

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5. Stingray has provided evidence of its good faith claim to operate the subject lease and wells by presenting a lease covering the relevant tract signed August 20, 2007 with a two year primary term.
6. Stingray operates a total of 44 wells at the present time, many in the same area as the applied-for wells, and is experienced in operating in the Minerva-Rockdale Field.
7. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 01-0229183 that the Calton, A.D. (01229) Lease, Well Nos. 1, 2 and 4 be plugged is necessary to prevent waste.
 - (a) Barry Friemel, President of Stingray, was the pumper for the applied-for wells before they were ordered plugged. Each of the applied-for wells made approximately one barrel per day at that time.
 - (b) Barry Friemel, President of Stingray, testified that he believes the applied-for wells are still capable of making one barrel per day at the present time, and that the current high price of oil warrants producing the wells.
8. Stingray has agreed on the record to waive issuance of a PFD in this Docket.
9. Stingray 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. Stingray Oil Company, Inc. has a good faith claim of a right to operate the subject lease.
4. Stingray Oil Company, Inc. 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. 01-0229183 requiring plugging of Well Nos. 1, 2 and 4 on the Calton, A.D. (01229) Lease, Milam County, is necessary to prevent waste.
6. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of Stingray, this Final Order is effective when a Master Order relating to this Final Order is signed on December 18, 2007.

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It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 01-0229183 requiring plugging of Well Nos. 1, 2 and 4 on the Calton, A.D. (01229) Lease, Milam 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 Stingray Oil Company, Inc. to change the operator of Well Nos. 1, 2 and 4 on the Calton, A.D. (01229) Lease, Milam County, from Little River Operating Corporation to Stingray Oil Company, Inc. is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on December 18, 2007, 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, 2007, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
December 18, 2007)**