

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL AND GAS DOCKET NO. 02-0250321

APPLICATION OF ACOCK OPERATING LIMITED TO SUPERCEDE THE PROVISIONS OF THE FINAL ORDER ISSUED JULY 22, 2003 IN OIL & GAS DOCKET NO. 02-0232953 REQUIRING THAT THE PROBST, DOROTHY (066393) LEASE, WELL NO. 1C, RAY POINT, SW. (SLICK-WILCOX) FIELD AND THE PROBST, DOROTHY (05245) LEASE, WELL NO. 1T, RAY POINT, SW. (WILCOX) FIELD, LIVE OAK COUNTY, TEXAS, BE PLUGGED; AND THAT THE FINAL ORDER ISSUED JULY 22, 2003 IN OIL & GAS DOCKET NO. 02-0232943, REQUIRING THAT THE PROBST, DOROTHY (05167) LEASE, WELL NO. 1D, RAY POINT, SW. (SLICK-WILCOX) FIELD, LIVE OAK COUNTY, TEXAS, BE PLUGGED, AND TO CONSIDER WHETHER THESE WELLS SHOULD BE TRANSFERRED FROM WOOLDRIDGE OIL & GAS TO ACOCK OPERATING LIMITED.

FINAL ORDER

The Commission finds that after statutory notice the above-captioned proceeding was heard by the examiner on February 13, 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. Acock Operating Limited (hereinafter "Acock") and Wooldridge Oil & Gas (hereinafter "Wooldridge") were given at least 10 days notice of this proceeding. Acock appeared at the scheduled time and place for the hearing through its Land/Regulatory Manager, Ryan Dreibelbis. Wooldridge did not appear. Acock has agreed on the record and in writing (by letter dated April 12, 2007) that this Final Order shall be effective as of the date a Master Order relating to this Final Order is signed.
2. Acock filed its first Commission Form P-5 (Organization Report) with the Commission on May 17, 2005, and filed its most recent Commission Form P-5 on May 3, 2006. Acock has posted financial assurance with the Commission in the form of a \$50,000 bond which expires October 1, 2007.
3. Wooldridge was recognized as the operator of the Probst, Dorothy (05245) Lease, Well No. 1T and then Probst, Dorothy (066393) Lease, Well No. 1C after filing a Commission Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective

- September 1, 2001. Well Nos. 1C and 1T are a dual completion and share API No. 297-30786.
4. Wooldridge was recognized as the operator of the Probst, Dorothy (05167) Lease, Well Nos. 1, 1D, 1X, 2L and 4C after filing a Commission Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective September 1, 2001.
 5. In Oil & Gas Docket No. 02-0232953, issued July 25, 2003, Wooldridge was ordered to plug the Probst, Dorothy (07132) Lease, Well Nos. 2 and 4, Ray Point SW. (Slick-Wilcox) Field; the Probst, Dorothy (05245) Lease, Well No. 1T, Ray Point, SW. (Wilcox) Field; and the Probst, Dorothy (066393) Lease, Well No. 1C, Ray Point, SW. (Slick-Wilcox) Field, and pay an administrative penalty of \$8,750.
 6. In Oil & Gas Docket No. 02-0232943, issued July 25, 2003, Wooldridge was ordered to plug the Probst, Dorothy (05167) Lease, Well Nos. 1, 1D, 1X, 2L and 4C, Ray Point SW. (Wilcox) Field; the Probst, Dorothy (066118) Lease, Well No. 2U, Ray point, SW. (Slick-Wilcox) Field, and the Probst, Dorothy (084024) Lease, Well No. 4T, Ray Point, SW. (Massive) Field and pay an administrative penalty of \$13,500.
 7. Acock seeks to supercede the Final Order in Oil & Gas Docket No. 02-0232953 as to the Probst, Dorothy (05245) Lease, Well No. 1T and the Probst, Dorothy (066393) Lease, Well No. 1C.
 8. Acock seeks to supercede the Final Order in Oil & Gas Docket No. 02-0232943 as to the Probst, Dorothy (05167) Lease, Well No. 1D. Acock has filed a Commission Form P-6 to subdivide Well 1D from the Probst, Dorothy (05167) Lease.
 9. Acock has filed Commission Form P-4s dated April 10, 2007 indicating that it wishes to be designated operator of the Probst, Dorothy (05245) Lease, Well No. 1T, the Probst, Dorothy (066393) Lease, Well No. 1C and the Probst, Dorothy (05167) Lease, Well No. 1D.
 10. Acock will use Well Nos. 1T and 1C (a dual completion of the same well) as a producer. Acock will use Well No. 1D for saltwater disposal. Acock has an Oil and Gas Lease on the 516.97 acre Jeanette Probst Tabb Tract signed July 1, 2006 with a primary term of one year. The lease grants the use of the land for producing oil and gas and also for the disposal of saltwater.
 11. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 02-0232953 for the Probst, Dorothy (05245) Lease, Well No. 1T, and the Probst, Dorothy (066393) Lease, Well No. 1C be plugged is necessary to prevent waste.
 - (a) Acock became the P-4 operator of the White (23750) Lease, Well No. 1 in Chambers County effective August, 2006.

- (b) Acock experimented with pumping techniques on the White Lease and substantially increased production on that lease by using an electrical submersible pump.
 - (c) Based on its experience with the White No. 1, and similar field characteristics in the Probst Well No. 1C, Acock believes that it can produce as much as 100 barrels of oil per month from the Probst Well No. 1C.
- 12. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 02-0232943 that the Probst, Dorothy (05167) Lease, Well No. 1D be plugged is necessary to prevent waste.
 - (a) Well No. 1D is a saltwater disposal well.
 - (b) Acock anticipates that the Probst Well No. 1C will have a water cut, producing some amount of saltwater.
 - (c) Disposal of produced saltwater on lease will result in a significant cost savings to Acock, enabling Acock to produce the Probst Well No. 1C economically for a longer period than would be possible if produced water had to be trucked off the lease. This will allow the production of additional hydrocarbons from the well, thus preventing waste.
- 13. The requirement in the Final Order in Oil & Gas Docket No. 02-0232953 that Wooldridge plug or place in compliance the Probst, Dorothy (07132) Lease, Well Nos. 2 and 4, and pay an administrative penalty of \$8,750 will remain in effect.
- 14. The requirement in the Final Order in Oil & Gas Docket No. 02-0232943 that Wooldridge plug or place in compliance the Probst, Dorothy (05167) Lease, Well Nos. 1, 1X, 2L and 4C; plug or place in compliance the Probst, Dorothy (066118) Lease, Well No. 2U; and plug or place in compliance the Probst, Dorothy (084024) Lease, Well No. 4T and pay an administrative penalty of \$13,500 will remain in effect.

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. Acock Operating Limited has a good faith claim of a right to operate the subject lease.
4. Acock Operating Limited 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. 02-0232953 requiring plugging of Well No. 1T on the Probst, Dorothy (05245) Lease and Well No. 1C on the Probst, Dorothy (066393) Lease, Live Oak County, is necessary to prevent waste.
6. An Order superceding the Final Order entered in Oil & Gas Docket No. 02-0232943 requiring plugging of Well No. 1D on the Probst, Dorothy (05167) Lease. Live Oak County, is necessary to prevent waste. The subdivision of Well No. 1D from The Probst, Dorothy (05167) Lease will not cause waste, harm correlative rights, or result in the circumvention of Commission rules.
7. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of the parties, this Final Order is effective when a Master Order relating to this Final Order is signed on April 24, 2007.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 02-0232953 requiring plugging of Well No. 1T on the Probst, Dorothy (05245) Lease and Well No. 1C on the Probst, Dorothy (066393) Lease, Live Oak County, is hereby superceded. All other provisions of the Final Order shall remain in full force and effect.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 02-0232943 requiring plugging of Well No. 1D on the Probst, Dorothy (05167) Lease, Live Oak 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-6 Subdivision of Well No. 1D from the Probst, Dorothy (05167) Lease, Live Oak County, is **APPROVED**.

It is further **ORDERED** that the Form P-4 (Certificate of Compliance and Transportation Authority) filed by Acock Operating Limited to change the operator of Well No. 1T on the Probst, Dorothy (05245) Lease, Well No. 1C on the Probst, Dorothy (066393) Lease, and Well No. 1D on the Probst, Dorothy (05167) Lease, Live Oak County, Texas from Wooldridge Oil & Gas to Acock Operating Limited is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on April 24, 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 24th day of April, 2007, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated
April 24, 2007)**