

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL AND GAS DOCKET NO. 03-0263981

APPLICATION OF 19TH HOLE PRODUCTION, LLC TO SUPERCEDE THE PROVISIONS OF THE FINAL ORDER IN DOCKET NO. 03-0222892 ISSUED APRIL 11, 2000 REQUIRING CHAIN OIL & GAS, INC. TO PLUG THE SUMMERS, E.L. (070076) SWD LEASE, WELL NO. 1, ROWAN, NORTH (10,800) FIELD, BRAZORIA COUNTY, TEXAS ENABLING THE APPLICANT 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 3, 2010. 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. 19th Hole Production, LLC (hereinafter "19th Hole") and Chain Oil & Gas, Inc. (hereinafter "Chain") were given at least 10 days notice of this proceeding. 19th Hole appeared at the scheduled time and place for the hearing through its Member, Jim Dewhirst and presented evidence. Chain did not appear. 19th Hole has agreed on the record to waive issuance of a PFD and that this Final Order shall be effective as of the date a Master Order relating to this Final Order is signed.
2. 19th Hole filed its first Commission Form P-5 (Organization Report) with the Commission on May 23, 2007, and filed its most recent Commission Form P-5 on April 7, 2009. 19th Hole has posted financial assurance with the Commission in the form of a \$25,000 bond which expires October 1, 2010.
3. Chain was recognized as the operator of the Summers, E.L. (070076) SWD Lease, Well No. 1 (hereinafter "subject lease and well") after filing Commission Forms P-4 (Producer's Transportation Authority and Certificate of Compliance), effective June 1, 1998.
4. In Oil & Gas Docket No. 03-0222892, Chain was ordered to plug the Summers, E.L. (070076) Lease, Well No. 1 (sometimes incorrectly designated Well No. 2), and pay an administrative penalty of \$9,000.00.
5. 19th Hole provided a copy of two leases on the subject well granted by Elmer L. Summers and Romeo F. Goddard, III to W.B. McCarter, with subsequent assignments of both leases

from W.B. McCarter to 19th Hole Production.

6. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 03-0222892 that the Summers, E.L. (070076) SWD Lease, Well No. 1 be plugged is necessary to prevent waste.
 - (a) 19th Hole operates the Summers, E.L. (043201) Lease and the Knape (170908) Lease. Both produce high volumes of saltwater. Some of the saltwater is disposed of onlease but the remainder must be hauled away by truck.
 - (b) 19th Hole can use the Summers, E.L. (070076) Lease, Well No. 1 for onlease disposal of saltwater, enabling a longer economic life for the two producing wells, resulting in the recovery of hydrocarbons that would otherwise be wasted.
7. The requirement in the Final Order in Oil & Gas Docket 03-0222892 that Chain pay an administrative penalty of \$9,000.00 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. 19th Hole has a good faith claim of a right to operate the subject lease.
4. 19th Hole 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. A Final Order superceding the Final Order entered in Oil & Gas Docket No. 03-0222892 requiring plugging of Well No. 1 on the Summers, E.L. (070076) SWD Lease, Brazoria County, is necessary to prevent waste.
6. The Final Order in this Docket superceding the Final Order in Oil & Gas Docket 03-0222892 is effective only as to the disposition of Well No. 1 on the Summers, E.L. (070076) SWD Lease, Brazoria County, and does not relieve Chain of its obligation to pay an administrative penalty of \$9,000.00 to the Railroad Commission.
7. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of 19th Hole, this Final Order is effective when a Master Order relating to this Final Order is signed on April 20, 2010.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 03-0222892 requiring plugging of Well No. 1 on the Summers, E.L. (070076) SWD Lease, Brazoria 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 19th Hole Production, LLC to change the operator of Well No. 1 on the Summers, E.L. (070076) SWD Lease, Rowan, North (070076) Field, Brazoria County, from Chain Oil & Gas, Inc. to 19th Hole Production, LLC is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on April 20, 2010, 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 20th day of April, 2010, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated
April 20, 2010)**