

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

OIL AND GAS DOCKET NO. 03-0258947

APPLICATION OF CRAWFORD HUGHES OPERATING COMPANY TO SUPERCEDE THE PROVISIONS OF THE FINAL ORDER IN OIL & GAS DOCKET NO. 03-0219827 ISSUED APRIL 25, 2000, REQUIRING THE PLUGGING OF THE FINLEY, S.W. (07870) LEASE, WELL NO. 1, HARDIN FIELD, LIBERTY COUNTY, TEXAS, ENABLING 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 November 3, 2008. 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. Crawford Hughes Operating Company (hereinafter "Crawford") and Poynor Corporation (hereinafter "Poynor") were given at least 10 days notice of this proceeding. Crawford appeared at the scheduled time and place for the hearing through its representative, Dale Miller. Poynor did not appear. Crawford 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. Crawford filed its first Commission Form P-5 (Organization Report) with the Commission on October 27, 1999 as Crawford Energy Operating Company, underwent a name change this year and filed its most recent Commission Form P-5 as Crawford Hughes Operating Company on August 27, 2008. Crawford has posted financial assurance with the Commission in the form of a \$50,000 letter of credit which expires November 1, 2009.
3. Poynor was recognized as the operator of the Finley, S.W. (07870) Lease (hereinafter "subject lease") after filing a Commission Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective July 1, 2000.
4. In Oil & Gas Docket No. 03-0219827, Poynor was ordered to plug the Finley, W.T. (06111) Lease, Well No. 5, plug the Finley, S.W. (07870) Lease, Well No. 1 and pay an administrative penalty of \$4,000. Poynor has not complied with the terms of the Final Order in Oil & Gas Docket No. 03-0219827.

5. Crawford has provided evidence of its good faith claim to operate the subject lease and wells by presenting a lease covering the relevant tract effective February 19, 2003 with a three year primary term, and an attached Oil, Gas and Mineral Lease Extension of an additional three years from the expiration of the original primary term.
6. Crawford operates a total of 91 wells at the present time, many in the same area as the applied-for wells, and is experienced in operating in the Hardin Field.
7. Superseding the requirement in the Final Order entered in Oil & Gas Docket No. 03-0219827 that the Finley, S.W. (07870) Lease, Well No. 1 be plugged is necessary to prevent waste.
 - (a) Crawford presented evidence that the Finley, S.W. (07870) Lease, Well No. 1, produced 4,000 to 5,000 barrels of oil per year from 1974 through 1986. In 1987, a year of low oil prices, production dropped to 508 barrels that year and no production was reported thereafter.
 - (b) From 1974 through 1986, the Finley, S.W. (07870) Lease, Well No. 1, produced from 200 to 500 barrels of oil per month.
 - (c) Crawford has successfully produced nearby wells in the Hardin Field through the use of submersible pumps. Crawford believes installation of a submersible pump in the subject well will result in production of approximately 10 barrels of oil per day, with a high water cut and an oil cut of 2%.
8. Crawford has agreed on the record to waive issuance of a PFD in this Docket.
9. Crawford 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 well 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. Crawford Hughes Operating Company has a good faith claim of a right to operate the subject lease.
4. Crawford Hughes Operating Company 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. 03-0219827 requiring plugging of Well No. 1 on the Finley, S.W. (07870) Lease, Liberty County, is necessary to prevent waste.
6. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of Crawford, this Final Order is effective when a Master Order relating to this Final Order is signed on November 13, 2008.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 03-0219827 requiring plugging of Well No. 1 on the Finley, S.W. (07870) Lease, Liberty 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 Crawford Hughes Operating Company to change the operator of Well No. 1 on the Finley, S.W. (07870) Lease, Liberty County, from Poynor Corporation to Crawford Hughes Operating Company is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on November 12, 2008, 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 12th day of November, 2008, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
November 12, 2008)**