

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

**OIL AND GAS DOCKET NO. 04-0260048**

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**APPLICATION OF BUFFCO U.S.A. PLUGGING COMPANY TO SUPERCEDE THE FINAL ORDER SIGNED ON FEBRUARY 12, 2008, IN OIL & GAS DOCKET NO. 04-0248630, REQUIRING THAT THE WALKER "A" (10014) LEASE, WELL NO. 3, RICHARD KING FIELD; WALKER -A- (08722) LEASE, WELL NO. 4, RICHARD KING (5430) FIELD; AND WALKER -A- (08580) LEASE, WELL NOS. 1, 5 AND 6, RICHARD KING (5500) FIELD, BE PLUGGED, ENABLING BUFFCO TO BECOME THE OPERATOR OF RECORD.**

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**FINAL ORDER**

The Commission finds that after statutory notice the above-captioned proceeding was heard by the examiner on December 18, 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. Buffco Production Inc. (hereinafter "Buffco") and Jurassic Exploration, Inc. (hereinafter "Jurassic") were given at least 10 days notice of this proceeding. Buffco appeared at the scheduled time and place for the hearing through its representatives, Consultant Mark Adkinson and Attorney Rosa Rohr. Jurassic did not appear. Buffco 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. Buffco filed its first Commission Form P-5 (Organization Report) with the Commission on December 29, 1986. Buffco has posted financial assurance with the Commission in the form of a \$250,000 letter of credit which expires March 1, 2010.
3. Jurassic was recognized as the operator of the Walker "A" (10014) Lease, Well No. 3, Richard King Field; the Walker -A- (08722) Lease, Well No. 4, Richard King (5430) Field; and Walker -A- (08580) Lease, Well Nos. 1, 5 and 6, Richard King (5500) Field, (hereinafter "subject leases" and "subject wells"), Nueces County, after filing Commission Form P-4s (Producer's Transportation Authority and Certificate of Compliance), effective December 1, 2002.
4. In Oil & Gas Docket No. 04-0248630, Jurassic was ordered to plug the Walker "A" (10014) Lease, Well No. 3, Richard King Field; the Walker -A- (08722) Lease, Well No. 4, Richard King (5430) Field; and Walker -A- (08580) Lease, Well Nos. 1, 5 and 6, Richard King (5500) Field; and pay an administrative penalty of \$27,750.00. Jurassic has not complied

with the terms of the Final Order in Oil & Gas Docket No. 04-0248630.

5. Buffco has provided evidence of its good faith claim to operate the subject lease and wells by presenting a lease covering the relevant tract effective November 8, 2007 with a termination date of November 8, 2008. Buffco believes its work in performing H-15 testing on the subject wells, placing a rental pump jack on one of the wells, bringing in frac tanks to accept produced fluids and testing the production capabilities of the wells extends its lease under the “continuous operations” clause (paragraph 5).
6. Buffco has filed with the Commission two-signature Forms P-4 (Producer’s Certificate of Compliance and Transportation Authority) to become the operator of the Walker “A” (10014) Lease, Well No. 3, Richard King Field; the Walker -A- (08722) Lease, Well No. 4, Richard King (5430) Field; and Walker -A- (08580) Lease, Well Nos. 1, 5 and 6, Richard King (5500) Field.
7. Buffco operates a total of 144 wells at the present time, with a total depth of 1,284,360 feet.
8. Superseding the requirement in the Final Order entered in Oil & Gas Docket No. 04-0248630 that the Walker “A” (10014) Lease, Well No. 3, Richard King Field; the Walker -A- (08722) Lease, Well No. 4, Richard King (5430) Field; and Walker -A- (08580) Lease, Well Nos. 1, 5 and 6, Richard King (5500) Field be plugged is necessary to prevent waste.
  - (a) The subject wells were drilled in, or prior to, the 1970s, a time when oil and gas prices were much lower than today. A review of the well logs indicate several possibly productive sands were bypassed as non-economical.
  - (b) Buffco believes the subject wells watered out due to coning, which has now receded. Buffco believes the wells can again be produced. Test swabbing indicates the subject wells can be produced at a rate of 8 to 10 BO per day.
  - (c) At the time Buffco test-swabbed the subject wells, an afterflow of gas was noted. Buffco believes some of the sands may be productive of gas, possibly producing 40 to 120 MCF/day per well.
9. Buffco has agreed on the record to waive issuance of a PFD in this Docket.
10. Buffco 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. Buffco Production Inc. has a good faith claim of a right to operate the subject leases and wells.
4. Buffco Production 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 leases and wells.
5. An Order superceding the Final Order entered in Oil & Gas Docket No. 04-0248630 requiring plugging of the Walker "A" (10014) Lease, Well No. 3, Richard King Field; the Walker -A- (08722) Lease, Well No. 4, Richard King (5430) Field; and Walker -A- (08580) Lease, Well Nos. 1, 5 and 6, Richard King (5500) Field, Nueces County, Texas, is necessary to prevent waste.
6. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of Buffco Production Inc., this Final Order is effective when a Master Order relating to this Final Order is signed on January 15, 2009.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 04-0248630 requiring plugging of the Walker "A" (10014) Lease, Well No. 3, Richard King Field; the Walker -A- (08722) Lease, Well No. 4, Richard King (5430) Field; and Walker -A- (08580) Lease, Well Nos. 1, 5 and 6, Richard King (5500) Field, Nueces County, is hereby superceded. All other provisions of the Final Order shall remain in full force and effect.

It is further **ORDERED** that the Forms P-4 (Certificate of Compliance and Transportation Authority) filed by Buffco Production Inc. to change the operator of the Walker "A" (10014) Lease, Well No. 3, Richard King Field; the Walker -A- (08722) Lease, Well No. 4, Richard King (5430) Field; and Walker -A- (08580) Lease, Well Nos. 1, 5 and 6, Richard King (5500) Field, Nueces County, from Jurassic Exploration, Inc. to Buffco Production Inc. are hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on January 15, 2009, 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 15th day of January, 2009, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotested Master Order dated  
January 15, 2009)**