

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

OIL AND GAS DOCKET NO. 08-0250776

APPLICATION OF TWINS OIL TO SUPERCEDE THE FINAL ORDER ISSUED OCTOBER 27, 2003 IN OIL & GAS DOCKET NO. 08-0232589 REQUIRING THE PLUGGING OF THE YOUNG, BERTHA D. (21469) LEASE, WELL NO. 1, PECOS VALLEY-YOUNG (QUEEN)(70163800) FIELD, PECOS COUNTY, TEXAS, ENABLING TWINS OIL CO. 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 28, 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. Twins Oil Co. (hereinafter "Twins") and B&B Energy (I) (hereinafter "B&B") were given at least 10 days notice of this proceeding. Twins appeared at the scheduled time and place for the hearing through its owner, Charlie Miller. B&B did not appear. Twins 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. Twins filed its first Commission Form P-5 (Organization Report) with the Commission on October 29, 2003, and filed its most recent Commission Form P-5 on October 26, 2006. Twins has posted financial assurance with the Commission in the form of a \$25,000 letter of credit which expires January 29, 2008.
3. B&B was recognized as the operator of the Bertha D. Young (21469) Lease, Well No. 1 after filing a Commission Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective April 1, 1992.
4. In Oil & Gas Docket No. 08-0232589, issued October 8, 2003, Robert Wayne Davison, Owner, B&B Energy (I) (Operator # 039783) was ordered to plug the Bertha D. Young (21469) Lease, Well No. 1, Pecos Valley-Young (Queen) Field, the Helen J. Bell (21450) Lease, Well Nos. 1 and 3, and the Jackson-State "B" (33206) Lease, Well Nos. 1 and 2, Pecos Valley (High Gravity) Field, Pecos County, Texas and pay an administrative penalty of \$10,500.
5. Twins seeks to supercede the Final Order against B&B in Oil & Gas Docket No. 08-0232589

as to the Bertha D. Young (21469) Lease, Well No. 1.

6. Twins has filed a Commission Form P-4 dated January 12, 2007 indicating that it wishes to be designated operator of the Young, Bertha D. (21469) Lease, Well No. 1.
7. Twins will use the Bertha Young Well No. 1 as a producer. Twins has an assignment for the well location, dated September 28, 2006, which is in turn based on an assignment of the NE quarter of the NE quarter of Section 33, Block 10, H&GN Ry. Co. Survey dated May 21, 1992. The assignment is out of the base lease of Sections 33 and 49, dated May 8, 1948. The base lease is held by continuous production from the Young, Bertha D. (034081) Lease, Well No. 2 and the Young, Bertha D. (12967) Lease, Well Nos. 2 and 4.
8. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 08-0232589 that the Young, Bertha D. (21469) Lease, Well No. 1 be plugged is necessary to prevent waste.
 - (a) Twins is the operator of 5 wells in Pecos County. All are active wells.
 - (b) Twins, through experience with its other wells, has found that an acid/chemical stimulation from Reef Chemicals is particularly effective in stimulating production from Queen Sands in the area.
 - (c) Based on its experience with other Queen Sands wells, Twins believes that it can produce 3 barrels of oil per dat from the Young, Bertha D. (21469) Lease, Well No. 1.
9. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 08-0232589 that the Young, Bertha D. (21469) Lease, Well No. 1 be plugged is necessary to prevent waste.
10. The requirement in the Final Order in Oil & Gas Docket No. 02-0232589 that B&B plug the Helen J. Bell (21450) Lease, Well Nos. 1 and 3, and the Jackson-State "B" (33206) Lease, Well Nos. 1 and 2, Pecos Valley (High Gravity) Field, Pecos County, Texas and pay an administrative penalty of \$10,500 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. Twins Oil Co. has a good faith claim of a right to operate the subject lease.
4. Twins Oil Co. 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. 02-0232589 requiring plugging of Well No. 1 on the Young, Bertha D. (21469) Lease is necessary to prevent waste.
6. 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. 02-0232589 requiring plugging of Well No. 1 on the Young, Bertha D. (21469) Lease, Pecos 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 Twins Oil Co. to change the operator of Well No. 1 on the Young, Bertha D. (21469) Lease, Pecos County from B&B Energy (I) to Twins Oil Co. 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 Unprotested Master Order dated
April 24, 2007)**