

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

**OIL AND GAS DOCKET NO. 8A-0259687**

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**APPLICATION OF P.O.&G. OPERATING, LLC TO SUPERCEDE THE FINAL ORDER IN OIL & GAS DOCKET NO. 8A-0249476 SIGNED ON JUNE 26, 2007, REQUIRING THAT THE GRIFFIN, T.L. "6-A" (02665) LEASE, WELL NOS. 2A AND 6, GRIFFIN, T.L. "6-B" (02666) LEASE, WELL NO. 4 AND GRIFFIN, T.L. "6-C" (02667) LEASE, WELL NO. 8, HOBO (PENNSYLVANIAN) FIELD, BORDEN COUNTY, TEXAS, BE PLUGGED, ENABLING P.O.&G. OPERATING, LLC 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 November 21, 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. P.O.&G. Operating, LLC (hereinafter "P.O.&G.") and Platinum Exploration, Inc. (hereinafter "Platinum") were given at least 10 days notice of this proceeding. P.O.&G. appeared at the scheduled time and place for the hearing through its Managing Member, Steven A. Pfeifer. Platinum did not appear. P.O.&G. 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. P.O.&G. filed its first Commission Form P-5 (Organization Report) with the Commission on November 22, 2006. P.O.&G. has posted financial assurance with the Commission in the form of a \$50,000 bond which expires March 31, 2010.
3. Platinum was recognized as the operator of the Griffin, T.L. "6-A" (02665) Lease, Well Nos. 2A & 6, Griffin, T.L. "6-B" (02666) Lease, Well No. 4 and Griffin, T.L. "6-C" (02667) Lease, Well No. 8 (hereinafter "subject leases" and "subject wells") after filing Commission Form P-4s (Producer's Transportation Authority and Certificate of Compliance), effective July 1, 2004.
4. In Oil & Gas Docket No. 8A-0249476, Platinum was ordered to plug the Griffin, T.L. "6-A" (02665) Lease, Well Nos. 2A & 6, Griffin, T.L. "6-B" (02666) Lease, Well No. 4 and Griffin, T.L. "6-C" (02667) Lease, Well No. 8 Well and pay an administrative penalty of \$21,250 (less \$15,937.50 already paid). Platinum has not complied with the terms of the Final Order in Oil & Gas Docket No. 8A-0249476.

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5. P.O.&G. has provided evidence of its good faith claim to operate the subject lease and wells by presenting a lease covering the relevant tract effective July 1, 2008 with a two year primary term.
6. P.O.&G. has filed with the Commission two-signature Form P-4s (Producer's Certificate of Compliance and Transportation Authority) to become the operator of the Griffin, T.L. "6-A" (02665) Lease, Well Nos. 2A & 6 and the Griffin, T.L. "6-C" (02667) Lease, Well No. 8.
7. P.O.&G. has filed with the Commission a two-signature Form P-4 and a Form P-6 to subdivide Well No. 4 from the Griffin, T.L. "6-B" (02666) Lease.
8. P.O.&G. operates a total of 49 wells at the present time in Commission Districts 6, 7C and 8.
9. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 8A-0249476 that the Griffin, T.L. "6-A" (02665) Lease, Well Nos. 2A & 6, Griffin, T.L. "6-B" (02666) Lease, Well No. 4 and Griffin, T.L. "6-C" (02667) Lease, Well No. 8 be plugged is necessary to prevent waste.
  - (a) P.O.&G. presented decline curves for the Griffin, T.L. "6-A" (02665) Lease, the Griffin, T.L. "6-B" (02666) Lease and the Griffin, T.L. "6-C" (02667) Lease. The decline curves indicate the leases were stable producers until the price of oil dropped in 1999. The wells were produced with submersible pumps and had a high water cut. The electricity expenses outweighed the return from producing the wells and production ceased.
  - (b) P.O.&G. proposes to produce the wells with pump jacks, which will entail less expense for electricity and, it is hoped, a slightly lower water cut. Two wells will be used for production and two wells will be used for saltwater disposal.
  - (c) P.O.&G. estimates the two producing wells will make 10 to 15 BO per day.
10. P.O.&G. has agreed on the record to waive issuance of a PFD in this Docket.
11. P.O.&G. 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. P.O.&G. Operating, LLC has a good faith claim of a right to operate the subject lease and

wells.

4. P.O.&G. Operating, LLC 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. 8A-0249476 requiring plugging of the Griffin, T.L. “6-A” (02665) Lease, Well Nos. 2A & 6, Griffin, T.L. “6-B” (02666) Lease, Well No. 4 and Griffin, T.L. “6-C” (02667) Lease, Well No. 8, is necessary to prevent waste.
6. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the agreement of P.O.&G. Operating, LLC, this Final Order is effective when a Master Order relating to this Final Order is signed on December 16, 2008.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 8A-0249476 requiring plugging of the Griffin, T.L. “6-A” (02665) Lease, Well Nos. 2A & 6, Griffin, T.L. “6-B” (02666) Lease, Well No. 4 and Griffin, T.L. “6-C” (02667) Lease, Well No. 8, in Borden 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 P.O.&G. Operating, LLC to change the operator of the Griffin, T.L. “6-A” (02665) Lease, Well Nos. 2A & 6 and the Griffin, T.L. “6-C” (02667) Lease, Well No. 8, Borden County, from Platinum Exploration, Inc. to P.O.&G. Operating, LLC are hereby **APPROVED**.

It is further **ORDERED** that the Form P-4 (Certificate of Compliance and Transportation Authority) and Form P-6 filed by P.O.&G. Operating, LLC to subdivide the Griffin, T.L. “6-B” (02666) Lease, Well No. 4, Borden County, and place Well No. 4 in a new lease, transferring Well No. 4 from Platinum Exploration, Inc. to P.O.&G. Operating, LLC is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on December

16, 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 16th day of December, 2008, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
OGC Unprotected Master Order dated  
December 16, 2008)**