

RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL & GAS DOCKET NO. 20-0279073

**TO CONSIDER THE APPLICATION OF TOGS ENERGY, INC., INC. FOR THE
UNRESTRICTED RENEWAL OF ITS P-5 AND TO CONTEST THE STAFF
DETERMINATION THAT ITS P-5 CANNOT BE RENEWED DUE TO
NON-COMPLIANCE WITH THE INACTIVE WELL REQUIREMENTS OF
STATEWIDE RULE 15**

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on January 10 & April 12, 2013, the examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record, and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. TOGS failed to conduct passing H-15 well integrity tests for the A.R. Loden -C- (#06861) Lease Wells Nos. 4, 5, 6, 8, 10, 11, and 12, for the 2011 reporting year.
2. TOGS failed to conduct passing H-15 well integrity tests for the A.R. Loden -C- (#06861) Lease Wells Nos. 4, 5, 6, 8, 10, 11, and 12, for the 2012 reporting year.
3. On August 16, 2013, TOGS filed a Form P-4 transferring the A.R. Loden -C- (06861) Lease to Dyersdale Energy II, LP (Operator No. 237756). The Commission approved the Form P-4 transfer on September 7, 2013.
4. TOGS failed to terminate electrical service to the George Jones (#07555), Calvin Young (#08662) and Camp A&B (#07695) Leases, all of which have been inactive for more than one year and remain inactive.

5. On June 17, 2013, TOGS filed Forms W-3C (Certification of Surface Equipment Removal for removal for an Inactive Well) certifying the termination of electrical services to the George Jones (07555) and Calvin Young (08662) Leases, both of which have been inactive for more than one year and remain inactive.
6. TOGS demonstrated a good faith claim to operate under the George Jones (#07555) Lease.
7. TOGS demonstrated the George Jones (#07555) Lease has been held by production through production on the pooled Stuckey-Thrasher Gas Unit (#167387) since 1998.
8. TOGS failed to conduct passing H-15 well integrity tests for the George Jones (#07555) Lease, Well Nos. 1, 2, 3, and 8, for the 2012 reporting year.
9. On July 25, 2013, TOGS filed passing H-15 well mechanical integrity test results for the George Jones (#07555) Lease, Well No. 8.
10. On July 30, 2013, TOGS filed passing H-15 well mechanical integrity test results for the George Jones (#07555) Lease, Well No. 2.
11. On August 1, 2013, TOGS filed passing H-15 well mechanical integrity test results for the George Jones (#07555) Lease, Well Nos. 1 and 3.
12. TOGS failed to report a H-5 well fluid level test since 2009 for the Camp A&B (#07695) Lease, Well No. 1A.
13. On August 16, 2013, TOGS filed a Form P-4 transferring the Camp A&B (07695) Lease to Dyersdale Energy II, LP (Operator No. 237756). The Commission approved the Form P-4 transfer on September 7, 2013.
14. TOGS demonstrated a good faith claim to operate under the Calvin Young (#08662) Lease.
15. TOGS demonstrated prima facie evidence that there has been continuous production from the same base lease pooled with the Calvin Young (#08662) Lease from 1997 to the present.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction to decide this matter.
3. TOGS failed to comply with 16 TAC §3.15(g) in performing and passing H-15 well integrity tests for the A.R. Loden -C- (#06861) Lease Wells Nos. 4, 5, 6, 8, 10, 11, and 12, which was required by no later than December 31, 2011 and were not completed by that date. Further,

the A.R. Loden -C- (#06861) Lease Well Nos. 4, 5, 6, 8, 10, 11, and 12 remained out of compliance with 16 TAC §3.15(g) at the time of the hearing until September 7, 2013, when the commission approved the Form P-4 transfer of the A.R. Loden -C- Lease to Dyersdale Energy II, LP (Operator No. 237756).

4. Pursuant to 16 TAC §3.15(e)(3) TOGS has a good faith claim to operate under the George Jones (#07555) Lease.
5. TOGS failed to comply with 16 TAC §3.15(g) in performing and passing a H-15 well integrity test for the George Jones (#07555) Lease, Well No. 8, which was required to be completed by no later than December 31, 2012. Further, the George Jones (#07555) Lease, Well No. 8 remained out of compliance with 16 TAC §3.15(g) at the time of the hearing until July 25, 2013, when TOGS filed passing H-15 mechanical integrity test results.
6. TOGS failed to comply with 16 TAC §3.15(g) in performing and passing a H-15 well integrity test for the George Jones (#07555) Lease, Well No. 2, which was required to be completed by no later than December 31, 2012. Further, the George Jones (#07555) Lease, Well No. 2 remained out of compliance with 16 TAC §3.15(g) at the time of the hearing until July 30, 2013, when TOGS filed passing H-15 mechanical integrity test results.
7. TOGS failed to comply with 16 TAC §3.15(g) in performing and passing H-15 well integrity tests for the George Jones (#07555) Lease, Well Nos. 1 and 3, which were required to be completed by no later than December 31, 2012. Further, the George Jones (#07555) Lease, Well Nos. 1 and 3 remained out of compliance with 16 TAC §3.15(g) at the time of the hearing until August 1, 2013, when TOGS filed passing H-15 mechanical integrity test results.
8. TOGS failed to comply with 16 TAC §3.15 in performing and reporting a H-5 well fluid level test for the Camp A&B (#07695) Lease, Well No. 1A., which was required to be completed by no later than December 31, 2009. Further, the Camp A&B (#07695) Lease, Well No. 1A remained out of compliance with 16 TAC §3.15(g) at the time of the hearing until September 7, 2013, when the commission approved the Form P-4 transfer of the Camp A&B (#07695) Lease, Well No. 1A to Dyersdale Energy II, LP (Operator No. 237756).
9. TOGS failed to comply with 16 TAC §3.15(f)(2)(A), which requires timely termination of electrical services when applying for a plugging extension on an inactive lease, for the George Jones (#07555) and the Calvin Young (#08662) Leases, by February 28, 2007. TOGS was out of compliance with 16 TAC §3.15(f)(2)(A) at the time of the hearing and did not bring the leases into compliance with 16 TAC §3.15(f)(2)(A) until June 17, 2013, when TOGS filed Forms W-3C (Certification of Surface Equipment Removal for removal for an Inactive Well) certifying the termination of electrical services to the George Jones (07555) and Calvin Young (08662) Leases.
10. Pursuant to 16 TAC §3.15(e)(3) TOGS has a good faith claim to operate under the Calvin Young (#08662) Lease.

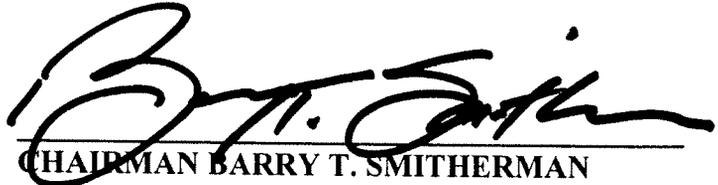
Therefore, it is **ORDERED** by the Railroad Commission of Texas that TOGS Energy, Inc., (Operator No. 861181) application to renew its Form P-5 is hereby **GRANTED**, and accordingly, the docket hereby is **DISMISSED**.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

Done this 25th day of March, 2014.

RAILROAD COMMISSION OF TEXAS



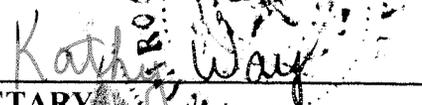
CHAIRMAN BARRY T. SMITHERMAN

COMMISSIONER DAVID PORTER



COMMISSIONER CHRISTI CRADDICK

ATTEST:



SECRETARY

