



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 05-0290039

COMMISSION CALLED HEARING TO SUPERCEDE THE FINAL ORDER ISSUED IN OIL AND GAS DOCKET NO. 05-0225557 REQUIRING THE PLUGGING OF WELL NO. 1-A ON THE POINDEXTER (02705) LEASE, WORTHAM FIELD, FREESTONE COUNTY, TEXAS, AND TO ENABLE TEJAS FARMS TO BECOME THE OPERATOR OF RECORD

FINAL ORDER

The Commission finds that after statutory notice the above-captioned proceeding was heard by the examiners on July 21, 2014. 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. Applicant Tejas Farms (Tejas) (Operator No. 841297) and current operator of record Quanico Oil and Gas, Inc. (Quanico) (Operator No. 684538) were each given at least 10 days notice of this proceeding. Tejas appeared at the scheduled time and place for the hearing through its owner, Kyle Ware. Quanico did not appear. Tejas waives issuance of a PFD and agrees that this Final Order shall become effective on the date a Master Order relating to this Final Order is entered.
2. Tejas' Commission Form P-5 (Organization Report) is active, with financial assurance in the form of a \$25,000 letter of credit.
3. Tejas and Quanico have no past or present cross-ownership interests and no past or present officer or director in common.
4. Quanico has been the operator of record responsible for the Poindexter (02705) lease, Well No. 1-A, in Freestone County since October 1, 1984.
5. By Final Order entered on November 21, 2002 in Oil & Gas Docket No. 05-0225559, Quanico was ordered to plug the subject well and pay an administrative penalty for violations committed by Quanico. Quanico has not complied with that order.
6. Tejas has a demonstrated a good faith claim to operate the subject well.



7. Tejas intends to convert the subject well and use it as a disposal well for water produced by other wells operated by Tejas.
8. An order superceding the well-plugging component of the Final Order entered against Quanico in Oil & Gas Docket No. 05-0225557, will lower Tejas' costs of production and extend the productive life of Tejas' wells by enabling the production of hydrocarbons that would otherwise not be recovered, thus preventing waste.
9. The order sought by the instant docket shall not relieve Quanico of its obligation to pay the administrative penalty order in Oil & Gas Docket No. 05-0225557.

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. Tejas Farms has a good faith claim of a right to operate the subject well.
4. Tejas Farms 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. Superceding the well-plugging component of the Final Order entered Oil & Gas Docket No. 05-0225557 is necessary to prevent waste.
6. Superceding the well-plugging component of the Final Order entered in Oil & Gas Docket No. 05-0225557 shall not relieve Quanico Oil & Gas, Inc. of the obligation to pay to the Railroad Commission the administrative penalty levied by such order.

It is accordingly hereby **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 05-0225557 that required plugging of the Poindexter (02705) lease, Well No. 1-A, is hereby superceded.

It is also hereby **ORDERED** that all other provisions in the Final Order entered in Oil & Gas Docket No. 05-0225557 shall remain in full force and effect.

It is also **ORDERED** that acceptance and further processing of the Form P-4 (Certificate of Compliance and Transportation Authority) submitted by Tejas Farms to change the operator of Poindexter (02705) lease, Well No. 1-A, from Quanico Oil & Gas, Inc. To Tejas Farms is hereby **APPROVED**.

It is further **ORDERED** that the instant order shall be final and effective on August 12, 2014, when the Master Order relating to this Final Order is signed.

All relief not granted is hereby **DENIED**.

ENTERED on this 12th day of August, 2014, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division Unprotected Master Order
dated August 12, 2014)**