

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 6E-0298355

APPLICATION OF KROG PARTNERS, LLC TO SUPERCEDE THE FINAL ORDER ENTERED ON OCTOBER 14, 2014 IN OIL AND GAS DOCKET NO. 6E-0277265 ORDERING BELL, JOHN F., SOLE PROPRIETOR, GLADE OPERATING CO. (307603) TO PLUG THE WILLIS, LILLIE (07765) LEASE, WELL NOS. 1, 2, 3, 4, AND 5, EAST TEXAS FIELD, GREGG COUNTY, TEXAS IN COMPLIANCE WITH APPLICABLE COMMISSION RULES AND REGULATIONS, AND TO APPROVE KROG PARTNERS, LLC AS OPERATOR OF RECORD.

FINAL ORDER

The Commission finds that after statutory notice the above-captioned proceeding was heard by the examiner on May 10, 2016. 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. Krog Partners, LLC (hereinafter "Krog") and Glade Operating Co. (hereinafter "Glade") were given at least 10 days notice of this proceeding. Krog appeared at the scheduled time and place for the hearing through its Representative Melvin Reams, landman. Glade did not appear. Krog 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. Krog filed its first Commission Form P-5 (Organization Report) with the Commission on March 7, 2006, and filed its most recent Commission Form P-5 on January 29, 2016. Krog has posted financial assurance with the Commission in the form of two \$25,000 Letters of Credit, totalling \$50,000, both of which expire June 1, 2017.
3. Glade was recognized as the operator of the Willis, Lillie (07765) Lease, Well Nos. 1, 2, 3, 4, and 5 (hereinafter "subject lease") after filing a Commission Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective April 1, 2002.
4. In Oil & Gas Docket No. 6E-0277265, Glade was ordered to plug the McGeorge (06690) Lease, Well Nos. 4 and 5 and plug the Willis, Lillie (07765) Lease, Well Nos. 1, 2, 3, 4, and 5, East Texas Field, Gregg County, Texas and pay an administrative penalty of \$20,000.00.
5. Luberski, Inc. (Trustee) has a valid Trustees Sale Deed dated January 25, 2013 covering nine (9) Oil, Gas and Mineral Lease Deeds of Trust which includes the Willis, Lillie (06675) Lease under an "Assignment of Oil and Gas Lease and Bill of Sale" dated January 22, 2013.
6. Luberski, Inc. has designated Krog Partners, LLC as its contract operator.
7. Krog is currently the Commission-recognized operator of twenty-six (26) wells, four of which are currently inactive.

8. Superceding the requirement in the Final Order entered in Oil & Gas Docket No. 6E-0277265 requiring that the Willis, Lillie (07765) Lease, Well Nos. 1, 2, 3, 4 and 5, be plugged is necessary to prevent waste.
 - (a) Krog believes the Willis Lease can be restored to production, making 10 barrels of oil per day.
 - (b) Allowing Krog to produce the Willis, Lillie (07765) Lease, Well Nos. 1, 2, 3, 4, and 5 will result in the recovery of hydrocarbons that would otherwise not be recovered, thereby preventing waste.
9. The requirement in the Final Order in Oil & Gas Docket No. 6E-0277265 that Glade plug the McGeorge (06690) Lease, Well Nos. 4 and 5, East Texas Field, Gregg County, Texas and pay an administrative penalty of \$20,000.00 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. Krog Partners, LLC has a good faith claim of a right to operate the subject lease.
4. Krog Partners, 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. 6E-0277265 requiring the plugging of the Willis, Lillie (07765) Lease, Well Nos. 1, 2, 3, 4, and 5, East Texas Field, Gregg County, Texas 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 June 21, 2016.

It is accordingly **ORDERED** that the provision in the Final Order entered in Oil & Gas Docket No. 6E-0277265 requiring plugging of the Willis, Lillie (07765) Lease, Well Nos. 1, 2, 3, 4, and 5, East Texas Field, Gregg 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 Krog Partners, LLC to change the operator of the Willis, Lillie (07765) Lease, Well Nos. 1, 2, 3, 4, and 5, Gregg County, from Glade Operating Co. to Krog Partners, LLC. is hereby **APPROVED**.

It is further **ORDERED** by the Commission that this order shall be effective on June 21, 2016, 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 21st day of June, 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division Unprotected Master
Order dated
June 21, 2016)**

