

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

OIL & GAS DOCKET No. 7C-0259788

COMMISSION CALLED HEARING REQUIRING PHARAOH OIL & GAS, INC. TO SHOW CAUSE WHY THE PLUGGING EXTENSIONS FOR ALL WELLS ON THE HOOVER, A.C. "A" (01281) LEASE; HOOVER, A.C. -D- (01282) LEASE; HOOVER, A.C. -E- (01283) LEASE; HOOVER, A.C. -B- (02286) LEASE; HOOVER, A.C. (07091) LEASE; AND, HOOVER "A" (07447) LEASE, SHANNON (SAN ANDRES) FIELD, CROCKETT COUNTY, TEXAS SHOULD NOT BE CANCELLED AND PHARAOH OIL & GAS, INC. SHOULD NOT BE ORDERED TO IMMEDIATELY PLUG THE WELLS

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on December 19, 2008, the examiner has 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 Commission, after review and due consideration of the proposal for decision and the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own Findings of Fact Nos. 1-15 and Conclusions of Law Nos. 1 -11 contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein. The Commission declines to adopt Finding of Fact No. 16 and Conclusions of Law Nos. 12-14. The Commission adopts substitute Finding of Fact No. 16, and Conclusions of Law Nos. 12 - 14 as set out below.

Finding of Fact Number 16:

16. Pharaoh failed to establish a good faith claim of a continuing right to operate Wells Nos.1-12 on the Hoover A.C. (07091) Lease or Well No. 1 on the Hoover "A" (07447) Lease.

Conclusions of Law Number 12, 13, and 14

12. Pharaoh does not possess a good faith claim of a continuing right to operate Wells Nos.1-12 on the Hoover A.C. (07091) Lease and Well No. 1 on the Hoover “A” (07447) Lease.
13. Plugging extensions for Well Nos. 1-12 on the Hoover, A.C. (07091) Lease should be revoked because Pharaoh did not provide a factually supported claim of a current right to operate.
14. The cancellation of the plugging extension for Well No. 1 on the Hoover “A” (07447) Lease should be affirmed because Pharaoh did not provide a factually supported claim of a current right to operate.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that:

- 1) Well Nos. 2, 3, 4, and 6 on the Hoover, A.C. “A” (01281) Lease be identified as inactive on Commission records;
- 2) Well Nos. 2, 5, 6, 7, and 8 on the Hoover, A.C. -E- (01283) Lease be identified as inactive on Commission records;
- 3) Well Nos. 1, 2, 3, 5, 6, and 7 on the Hoover, A.C. -B- (02286) Lease be identified as inactive on Commission records;
- 4) Well Nos. 1-12 on the Hoover, A.C. (07091) Lease be identified as inactive on Commission records;
- 5) plugging extensions for Well Nos. 2 and 3 on the Hoover, A.C. “A” (01281) Lease be **DENIED**;
- 6) the prior cancellation of plugging extensions for Well Nos. 4 and 6 on the Hoover, A.C. “A” (01281) Lease be **AFFIRMED**;
- 7) plugging extensions for Well Nos. 2, 5, 6, 7, and 8 on the Hoover, A.C. -E- (01283) Lease be **DENIED**;
- 8) plugging extensions for Well Nos. 1, 2, 3, 6, and 7 on the Hoover, A.C. -B- (02286) be **DENIED**;

- 9) the prior cancellation of the plugging extension for Well No. 5 on the Hoover, A.C. -B- (02286) be **AFFIRMED**;
- 10) Plugging extensions for Well Nos. 1-12 on the Hoover, A.C. (07091) Lease be **DENIED**;
- 11) the prior cancellation of the plugging extension for Well No. 1 on the Hoover “A” (07447) Lease be **AFFIRMED**;
- 12) within 30 days from the day immediately following the date this order becomes final Pharaoh Oil & Gas, Inc. be required to plug Well Nos. 2, 3, 4, and 6 on the Hoover, A.C. “A” (01281) Lease;
- 13) within 30 days from the day immediately following the date this order becomes final Pharaoh Oil & Gas, Inc. be required to plug Well Nos. 2, 5, 6, 7, and 8 on the Hoover, A.C. -E- (01283) Lease;
- 14) within 30 days from the day immediately following the date this order becomes final Pharaoh Oil & Gas, Inc. be required to plug Well Nos. 1, 2, 3, 5, 6, and 7 on the Hoover, A.C. -B- (02286) Lease;
- 15) within 30 days from the day immediately following the date this order becomes final Pharaoh Oil & Gas, Inc. be required to plug Well Nos. 1-12 on the Hoover, A.C. (07091) Lease; and,
- 16) within 30 days from the day immediately following the date this order becomes final Pharaoh Oil & Gas, Inc. be required to plug Well No. 1 on the Hoover “A” (07447) Lease.

Each exception to the examiner’s 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 it is actually mailed to the parties by the Commission. A party is presumed to have been notified of the Commission's order 3 days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest within such 20-day period after the party's presumed notice, 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 28th day of April 2009.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN VICTOR G. CARRILLO

COMMISSIONER MICHAEL L. WILLIAMS

COMMISSIONER ELIZABETH A. JONES

ATTEST:

SECRETARY