FOR INJECTION, DISPOSAL, AND COMMERCIAL DISPOSAL WELLS ONLY

OKLAHOMA CORPORATION COMMISSION
Oil & Gas Conservation Division
Post Office Box 52000
Oklahoma City, Oklahoma 73152-2000

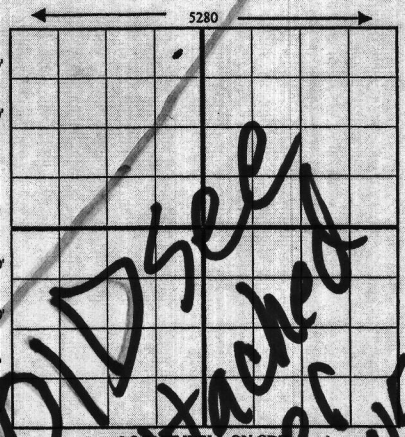
Form 1073I
Rev. 2012

RECEIVED
OKLAHOMA CORPORATION COMMISSION
MAY 08 2016
OIL & GAS CONSERVATION

Transfer of Operatorship
OAC 165:10-5-10

INSTRUCTIONS

A. Please type or print using BLACK INK.
B. Form must be signed by former AND new operator.
C. Outline boundaries of lease and spot well being transferred.
D. Attach 1002A for well with an injection/disposal classification.
E. List O.C.C. order/permit number for injection/disposal.
F. Attach M.I.T. less than 1 year old. (<30 days for commercial)



5280

2310' 1650' 990' 330' 2310' 1650' 990' 330'

LOCATE WELL ON GRID

VOID see Attached Order 669445

API No. 3504938487 ~~0005~~	OTC Prod. Unit No.		
Location C 1/4 NE 1/4 NE 1/4 NW 1/4	Sec. 13	Twp. 3N	Rge. 1E
Ft. FSL 2310	Ft. FWL 2310	County GARVIN	
Current Well Name & No. Chisholm # B-4			
Original Well Name & No.			
OCC Permit/Order No. 1103520060	Unit Name (if applicable)		

Well Classification: ☐ Injection ☒ Disposal **Transfer Effective Date (Month/Day/Year):** 4 29 2016

The effective date of transfer is the date the new operator took over ownership of this well.

5/3 walk-in Coy Talbott

CURRENT OPERATOR	OCC/OTC No.	
Name		
Address		
City	State	Zip

I verify that I am the legal operator of record with authority to transfer operatorship of this well.
TRAVIS weeden 405 521-4137
JEFF PERKINS 580-512-3267

Signature

Name & Title (Print or Type) (AC) Phone

Signed and sworn to before me this _____ day of _____, _____

Notary Public

My Commission Expires:

NEW OPERATOR	OCC/OTC No. 21377	
Name OBWNHOLE TECH L.L.C.		
Address PO.BOX 27		
City COUNTY LINE	State OKLA	Zip 73534

Being the new operator, as of the effective date and time of transfer accept the facts presented as being true and correct and accept the operational responsibility for the well on the described property.

Cy Talbott

Signature

MANGER 580-656-5032

Name & Title (Print or Type) (AC) Phone

Signed and sworn to before me this 3rd day of May, 2016

Notary Public

My Commission Expires:

JAMES B. PHELPS NOTARY # 09008233 EXP. 10/01/17 PUBLIC STATE OF OKLAHOMA

I verify under oath that I have exercised due diligence in attempting to locate the current operator of record according to OCC records, who has abandoned the above well/lease and cannot be located to obtain signature.

Cy Talbott

Signature

Signed and sworn to before me this 3rd day of May, 2016

Notary Public

My Commission Expires:

JAMES B. PHELPS NOTARY # 09008233 EXP. 10/01/17 PUBLIC STATE OF OKLAHOMA

FOR O.C.C. USE ONLY

	Received	Approved Date	Rejected	Reason
Surety		MAY 03 2016		
UIC		MAY 03 2016		
Well Records		MAY 03 2016		

By processing this Form 1073I, the Oklahoma Corporation Commission has approved the contents thereof as to form only. Oklahoma Corporation Commission does not warrant that the facts provided by the operator are true.

WELL RECORDS APPROVED

JLM
10-20-17

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT:	**TIM BAKER, DIRECTOR OIL AND GAS CONSERVATION DIVISION OKLAHOMA CORPORATION COMMISSION**	)	**CAUSE NO. EN 201400097**
		)	**ITN: 91370**
RESPONDENT:	**CAVU ENERGY SERVICES, INC.**	)	
		)	**ORDER NO.**
RELIEF SOUGHT:	**CONTEMPT AND VACATE ORDER AND UIC PERMIT**	)	**669445**

FINAL ORDER

This Cause came on for hearing on June 28, 2017 before David Leavitt, Administrative Law Judge, Oklahoma Corporation Commission, on the Protest Docket, in Courtroom D, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105, pursuant to the required legal notice and in accordance with the rules of the Commission for the purposes of taking testimony and reporting to the Commission.

Tyler H. Trout, Assistant General Counsel, Oklahoma Corporation Commission, appeared for the Applicant. Attorney Richard J. Gore appeared for Respondent Downhole Oil & Gas Tech, LLC (hereinafter "Downhole"). Attorney John R. Arrowood appeared for Respondents CAVU Energy Services, Inc., CAVU Resources, Inc., and Trinity Resources, Inc. Attorney E. J. Buckholts, II entered an appearance for Respondent First Bank & Trust Co., but he did not appear at the hearing on the merits.

SUMMARY OF ALLEGATIONS

Jeff Perkins, Oil and Gas Field Inspector, District III, Field Operations Department, Oil and Gas Conservation Division, Oklahoma Corporation Commission, complained and alleged that Downhole operated the following-described well in violation of 52 O.S. § 86.1 *et seq.*, and the rules of the Commission, and should be found in contempt thereof:

1. Chisholm #B-4 (API 049-38487), NE/4 NE/4 NW/4 of Section 13, Township 3 North, Range 1 East, Garvin County, Oklahoma.

The specific alleged acts of violation and authority thereto include:

a) Failure to remove materials that might constitute a fire hazard in violation of OAC 165:10-3-17(b);

b) Failure to post required lease signs in violation of OAC 165:10-3-17(d);

c) Failure to perform mechanical integrity test in violation of OAC 165:10-5-6; and

d) Failure to conduct operations in a manner that does not cause pollution in violation of OAC 165:10-7-5.

SUMMARY OF EVIDENCE

An oral motion was made at the beginning of the hearing to dismiss Respondents CAVU Energy Services, Inc., CAVU Resources, Inc., and Trinity Resources, Inc. because said parties were no longer proper Respondents due to the fact that a Form 1073I Transfer of Operator had been filed designating Downhole as the operator of record of the subject well. No objections were made to the oral motion, and Judge Leavitt granted the oral motion to dismiss said Respondents from this Cause.

The Certificate of Service was then presented as an exhibit showing that the Second Amended Contempt Complaint and Summons were mailed to Downhole and First Bank & Trust Co. via certified mail, and certified mail receipts were attached with proper signatures showing that the Second Amended Contempt Complaint and Summons were received by Downhole and First Bank & Trust Co. Notice was proper pursuant to Commission rules and the laws of Oklahoma.

Also included as an exhibit was a copy of Downhole's most recent Form 1006B Operator's Agreement on file with the Commission and a copy of Downhole's most recent surety information on file with the Commission. It was noted that Downhole is in violation of Commission rules for failing to file an updated Form 1006B Operator's Agreement with the Commission.

Mr. Perkins testified that he is familiar with this Cause. He described the location of the subject well and identified certain Commission documents pertaining to the subject well, including the most recent Forms 1002A Completion Report and 1073I Transfer of Operator on file with the Commission showing that Downhole is the operator of record of the subject well.

A Form 1085 Investigation Report was identified and described by Mr. Perkins pertaining to the subject well. He testified that Downhole is in violation of Commission rules as stated in the Second Amended Contempt Complaint. He stated that tall weeds and other vegetation are still present at the subject well site that might constitute a fire hazard, proper lease signs have not been posted at the subject well site, a mechanical integrity test has not been performed in accordance with Commission rules, and pollution is still present at the subject well site that needs to be properly remediated to the Commission's satisfaction and in accordance with Commission rules.

Photos of the subject well site were also included as an exhibit. Mr. Perkins described the photos to the Court and identified the date on which they were taken. He also indicated that he personally took the photos. He testified that the photos accurately depict the subject well site on the date the photos were taken.

Mr. Perkins testified that he is recommending an Interim Order in this Cause. He recommended that Downhole be required to remove all vegetation that might constitute a fire hazard, post proper lease signs, perform a mechanical integrity test, properly remediate the remaining pollution, and otherwise bring the subject well site into compliance with Commission rules by August 28, 2017. He also recommended that Downhole be required to pay a $1,000.00 fine for its continued violations of Commission rules as stated in the Second Amended Contempt Complaint but that the recommended fine be held in abeyance until the reopening of the matter on August 30, 2017 to see if Downhole complies with the requirements of the Interim Order.

Coy Talbott, the owner and managing member of Downhole, then testified on behalf of Downhole. He stated that he had no knowledge of the pollution problems at the subject well site when he executed and filed the Form 1073I, Transfer of Operatorship, with the Commission on May 3, 2016. He also stated that immediately prior to May 3, 2016, he anticipated reaching an agreement with the surface owner to operate the subject well. However, the surface owner is in poor health, and after the Form 1073I was filed, she changed her mind and refused to enter into a disposal agreement with Downhole. As a result of not being able to reach an agreement with the surface owner to operate the subject well, Downhole has no legal right to access the land and is unable to operate the subject well. Mr. Talbott testified that he has no intention of operating the subject well in the future.

After considering all testimony and evidence presented, Judge Leavitt decided to recommend that the most recent Form 1073I Transfer of Operator on file with the Commission be vacated due to the circumstances described by Mr. Talbott in his testimony. Judge Leavitt believed it would be unjust to hold Downhole responsible for plugging the subject well and otherwise bringing the well into compliance with Commission rules considering the facts and circumstances of the case. Operatorship of the well will revert to CAVU Energy Services, Inc. Judge Leavitt also decided to recommend that Order No. 549675 and UIC Permit No. 1103520060 be vacated and that the subject well no longer be classified as a disposal well. Judge Leavitt recommended that a Final Order be issued and that this Cause be closed.

FINDINGS AND CONCLUSIONS

1. The Commission has jurisdiction of this Cause, and proper notice was given to the Respondents as required by law and the rules of the Commission.

2. Downhole was the operator of record of the subject well when the Second Amended Contempt Complaint was filed.

ORDER

IT IS THEREFORE ORDERED BY THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA AS FOLLOWS:

1. That Order No. 549675 and UIC Permit No. 1103520060, which pertain to the subject disposal well, are hereby vacated;

2. That the most recent Form 1073I pertaining to the subject well, which was filed with the Commission on May 3, 2016, is hereby vacated, and Downhole is no longer the operator of record of the subject well; and

3. That this Cause is closed.

OKLAHOMA CORPORATION COMMISSION

Dana L. Murphy

DANA L. MURPHY, CHAIRMAN

J. Todd Hiett

J. TODD HIETT, VICE CHAIRMAN

Bob Anthony

BOB ANTHONY, COMMISSIONER

CERTIFICATION

DONE AND PERFORMED this 26 day of October, 2017.

Peggy Mitchell

PEGGY MITCHELL, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing Findings and Order are the report and recommendations of the undersigned Administrative Law Judge.

David Leavitt
Administrative Law Judge

7-7-17
Date

APPROVED AS TO FORM AND CONTENT:

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DOWNHOLE OIL & GAS TECH, LLC

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ATTORNEY FOR RESPONDENTS CAVU ENERGY SERVICES, INC., CAVU RESOURCES, INC. AND TRINITY RESOURCES, INC.

Dennis Niskern

From: Tyler Trout
Sent: Tuesday, October 31, 2017 10:54 AM
To: Patricia Downey; Dennis Niskern
Subject: EN 14-97 - CAVU/Downhole Tech
Attachments: EN 14-97 Final Order.pdf

See Final Order attached. The Chisholm B-4 is no longer classified as a disposal well, and operatorship will revert to the prior operator, which I believe was CAVU. The well is now effectively on the orphan well list. Let me know if you have any questions, thanks.

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