

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 09-0296801

IN RE: FORM P-4 TRANSFER OF RECORD OPERATOR FOR THE GRIMES-HUFFMAN (222230) LEASE, WELL NO. 1-H, NEWARK, EAST (BARNETT SHALE) FIELD, ERATH COUNTY, TEXAS FROM INFINITY OIL & GAS OF TX, INC. (OP. NO. 424211) TO WINSLOW OPERATING COMPANY (OP. NO. 932473).

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the prior operator of the captioned lease did not respond and the docket proceeded as a default. The proceeding 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. At least ten days notice was given to Infinity Oil & Gas of TX, Inc. (Operator No. 424211) (“Infinity”) and Winslow Operating Company (Operator No. 932473) (“Winslow”). By letter dated June 18, 2015, Infinity was afforded the opportunity to submit evidence of a continuing right to operate the subject lease and wells or request a hearing on the matter. Infinity did neither.
2. By Form P-4 dated March 1, 2015, and received at the Commission on May 20, 2015, Winslow requested transfer of the Certificate of Compliance and Transportation Authority for the Grimes-Huffman (222230) Lease from Infinity to Winslow.
3. By failing to respond to notice and opportunity for hearing, Infinity chose to rely on informal disposition of the docket pursuant to Tex. Gov’t Code §§2001.056 and 2001.062(e).
4. Infinity has a delinquent Form P-5 and is subject to the constraints of Tex. Nat. Res. Code §91.114, commonly referred to as Senate Bill 639.
5. Winslow has a current, active Form P-5 with sufficient financial assurance to acquire the lease and wells in dispute. Winslow has filed a \$50,000 Bond with the Commission as financial assurance, with a expiration date of October 31, 2016.
6. A “good faith claim” is defined in Commission Statewide Rule 15(a)(5) as “[a] factually supported claim based on a recognized legal theory to a continuing possessory right in the

mineral estate, such as evidence of a currently valid oil and gas lease or a recorded deed conveying a fee interest in the mineral estate.” [16 Tex. Admin. Code §3.15(a)(5)]

7. The subject Commission-recognized lease, the Grimes-Huffman (222230) Lease, has been inactive for a period of five years and eight months and has not reported production since October, 2009.
8. The current operator, Infinity, did not present a “good faith claim” to operate the captioned lease and did not respond to a June 18, 2015 Commission letter requesting that it either provide a good faith claim to operate the subject lease or request a hearing.
9. Winslow presented a current, active Oil & Gas Lease as its “good faith claim” to operate the Grimes-Huffman (222230) Lease.
 - a.) The lease was granted by D. Troy Grimes and Sherry L. Grimes as Co-Trustees of the D. Troy Grimes and Sherry L. Grimes Revocable Living Trust, Donald Grimes and Danny Grimes.
 - b.) The lease is dated March 16, 2015 and has a primary term of one (1) year.

CONCLUSIONS OF LAW

1. Proper notice of the opportunity for hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Infinity Oil & Gas of TX, Inc. did not present a “Good Faith Claim” to operate the Grimes-Huffman (222230) Lease.
4. Winslow Operating presented a “Good Faith Claim” to operate the Grimes-Huffman (222230) Lease, Well No. 1-H in the Newark, East (Barnett Shale) Field in Erath County.

IT IS THEREFORE ORDERED that the application of Winslow Operating Company (Operator No. 932473) for transfer of the Form P-4 “Certificate of Compliance and Transportation Authority” for the Grimes-Huffman (222230) Lease, Well No. 1-H, Newark, East (Barnett Shale) Field, Erath County, Texas, is hereby **APPROVED**.

It is further **ORDERED** 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.

All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 25th day of August, 2015, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division Unprotected Master Order dated
August 25, 2015)**