

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 01-0298574**

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**SINGLE SIGNATURE P-4 FILING OF NORTH TEXAS ENERGY, INC. (OP. 614190) FOR THE COLLEY LEASE (09211) WELL NOS. 1, 2, & 3, MINERVA-ROCKDALE FIELD, MILAM COUNTY, TEXAS, TO CHANGE OPERATOR FROM MAGNUM OILFIELD SERVICES, LLC (OP. 521543) TO NORTH TEXAS ENERGY, INC.**

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**FINAL ORDER**

The Commission finds that after statutory notice of the captioned proceeding, Magnum Oilfield Services, LLC, did not respond and this docket proceeded as a default. The proceeding having been duly submitted to the Railroad Commission of Texas (RRC or Commission) 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 Magnum Oilfield Services, LLC, RRC Operator No. 512543, (Magnum) and North Texas Energy, Inc., RRC Operator No. 614190 (North Texas Energy).
2. Magnum is the operator of record for the Colley Lease, RRC Lease No. 02911, Wells Nos. 1, 2, & 3 (Wells 1, 2 and 3).
3. On or about October 9, 2015, the RRC received an application by North Texas Energy for a change in operator status for Wells 1, 2, and 3 from Magnum to North Texas Energy. On or about October 23, 2015, the Administrative Law Judge (ALJ) requested in writing that Magnum either: (1) provide evidence that it holds a good faith claim to a continuing right to operate the referenced property; or (2) request a hearing on this matter on or before November 23, 2015. This writing expressly notified the operator that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing on this matter.
4. Magnum has a current Form P-5 with sufficient financial assurance for its wells.
5. North Texas Energy has a current Form P-5 with sufficient financial assurance to acquire the lease and wells in dispute.
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 Colley Lease, RRC Lease No. 09211, has been inactive for a period of 1 year, 3 months and has not reported production since October 2014.
9. North Texas Energy presented an oil & gas lease as its “good faith claim”. The date of the lease is

August 25, 2015 by and between Earl M. Colley Jr. and Sherry Ann Artz Colley as the Lessor and North Texas Energy as the Lessee for a term of 3 years. The lease was notarized by a Notary Public for the State of Texas and recorded in the Official Records of Milam County.

10. Magnum failed to provide evidence that it holds a good faith claim to a continuing right to operate the referenced property and also failed to timely request a hearing.
11. Magnum does not hold a good faith claim to operate the referenced property.
12. Pursuant to Tex. Gov't Code §§ 2001.056 and 2001.062(e), Magnum has waived the opportunity to request a hearing on the matter.
13. North Texas Energy has demonstrated a good faith claim to a continuing right to operate the referenced property.
14. Colley Lease, Lease No. 02911, Well Nos. 1, 2, & 3 should be transferred to North Texas Energy, as operator of record.

**CONCLUSIONS OF LAW**

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Resolution of this docket is a matter committed to the jurisdiction of the Commission. Tex. Nat. Res. Code § 81.051.
4. Magnum does not have a “good faith claim” to continue operating the subject lease and wells.
5. North Texas Energy does have a “good faith claim” to operate the subject lease and wells.

**IT IS THEREFORE ORDERED** that the application of North Texas Energy for transfer of the Form P-4 “Certificate of Compliance and Transportation Authority” for the Colley Lease, RRC Lease No. 09211, Well Nos. 1, 2, & 3, Minerva-Rockdale Field, Milam County, Texas, is hereby **APPROVED** subject to the provisions of Tex. Nat. Res. Code §§ 91.107, 91.114 and 91.142 and Tex. Admin. Code § 3.15.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission’s Order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov’t Code §2001.142, by agreement under Tex. Gov’t Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov’t Code §2001.146(e). If a timely motion for rehearing of an application 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 Commission Order is signed.

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

Done this 3rd day of February, 2016, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by HD  
Unprotested Master Order date February 3rd,  
2016)**