

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 04-0299681

SINGLE SIGNATURE P-4 FILING OF MAYFIELD ENERGY LLC (535975) FOR THE USHER LEASE (08948) WELLS NO. 1 AND 2, ARANSAS PASS FIELD (03349 001), SAN PATRICIO COUNTY, TEXAS, TO TRANSFER OPERATOR OF RECORD FROM HIGH PLAINS GAS SYSTEMS, INC. (385551) TO MAYFIELD ENERGY, LLC

FINAL ORDER

The Commission finds that after statutory notice of the captioned proceeding, High Plains Gas Systems, Inc. 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 High Plains Gas Systems, Inc., RRC Operator No. 385551, (“High Plains”) and Mayfield Energy LLC, RRC Operator No. 535975 (“Mayfield”).
2. High Plains is the operator of record for the Usher Lease (RRC Lease No. 08948) Wells No. 1 and 2 (“Wells 1 and 2”).
3. On or about February 5, 2016, the RRC received an application by Mayfield for a change in operator status for Wells 1 and 2 from High Plains to Mayfield.
4. On or about February 22, 2016, the Administrative Law Judge (“ALJ”) requested in writing that High Plains 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 March 18, 2016. 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.
5. High Plains failed to provide evidence that it holds a good faith claim to a continuing right to operate the referenced property, failed to respond to the ALJ’s February 22, 2016 letter, and failed to request a hearing.
6. High Plains has not been reporting production on the above-referenced lease since October 2015.

7. Mayfield has a current annual Commission Organization Report (Form P-5) with sufficient financial assurance to acquire Wells 1 and 2.
8. 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).
9. Mayfield presented the following to demonstrate its “good faith claim”:
 - a. A notarized Affidavit of Nonproduction from the mineral owner that the subject lease has been abandoned and there has been no production since early October 2015;
 - b. Both: (1) a copy of a February 8, 2016, Memorandum of Oil and Gas Lease between the mineral owner and Mayfield covering the subject lease that was notarized and filed with the San Patricio County Clerk, as well as (2) a copy of the actual underlying Oil and Gas Lease; and
 - c. Plat and lease records for the subject lease.
10. High Plains failed to provide evidence that it holds a good faith claim to a continuing right to operate Wells 1 and 2 and also failed to timely request a hearing.
11. High Plains does not hold a good faith claim to operate Wells 1 and 2.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), High Plains has waived the opportunity to request a hearing on the matter.
13. Mayfield has demonstrated a good faith claim to a continuing right to operate Wells 1 and 2.
14. Wells 1 and 2 should be transferred to Mayfield, 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. High Plains does not have a “good faith claim” to continue operating Wells 1 and 2.

5. Mayfield does have a “good faith claim” to operate Wells 1 and 2.

IT IS THEREFORE ORDERED that the application of Mayfield to change the RRC operator of record for Wells 1 and 2 is **APPROVED** and Mayfield’s submitted Form P-4 “Certificate of Compliance and Transportation Authority” reflecting itself as the current operator for Wells 1 and 2 is hereby **APPROVED** subject to the provisions of TEX. NAT. RES. CODE §§ 91.107, 91.114 and 91.142 and 16 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) and 16 TEX. ADMIN. CODE § 1.149(c), 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 12th day of April 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order date April 12, 2016)