

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0299847

IN RE: P-4 TRANSFER OF RECORD OPERATOR FOR THE THREADGILL, V. LEASE, WELL NO. 3, DALE-MCBRIDE FIELD, GONZALES COUNTY, TEXAS FROM FOYORO ENERGY, LLC TO R & S OIL PRODUCTION CO.

FINAL ORDER

The Commission finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Foyoro Energy, LLC did not respond and this docket proceeded as a default. This proceeding having been duly submitted to the Railroad Commission of Texas (“Commission” or “RRC”) 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 Foyoro Energy, LLC, RRC Operator No. 282057, (“Foyoro”) and R & S Oil Production Company, RRC Operator No. 687540 (“R&S”).
2. Foyoro is the RRC operator of record for the Threadgill, V. Lease (Lease No. 10205), Well No. 3 (“Well 3”).
3. On or about March 21, 2016, the Commission received an application by R&S for a change in operator status for Well 3 from Foyoro to R&S.
4. In a letter dated March 28, 2016, a Commission Administrative Law Judge (“ALJ”) requested in writing that Foyoro 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 the matter on or before April 29, 2016. This writing expressly notified Foyoro that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing on the matter.
5. 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).
6. Foyoro failed to provide evidence that it holds a good faith claim to a continuing right to operate Well 3, failed to respond to the ALJ’s March 28, 2016 letter, and failed to request a hearing.

7. Foyoro is delinquent in filing the annual Commission Organization Report (Form P-5). Foyoro has 23 inactive wellbores, all of which have been denied plugging extensions.
8. Foyoro became the RRC operator of record for Well 3 in April 2013. There has been no reported production for Well 3 since at least January 2010.
9. To demonstrate its “good faith claim” to operate Well 3, R&S presented a notarized Oil, Gas and Mineral Lease in which R&S, as Lessee, has the right to operate the real-property where Well 3 is located. The Oil, Gas and Mineral Lease was filed in Bastrop County, Texas on January 2, 2014.
10. R&S has a current annual Commission Organization Report (Form P-5) on file with sufficient financial assurance to operate Well 3.
11. Foyoro does not hold a good faith claim to operate Well 3.
12. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), Foyoro has waived the opportunity to request a hearing on the matter.
13. R&S has demonstrated a good faith claim to a continuing right to operate Well 3.
14. Well 3 should be transferred to R&S 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. Foyoro does not have a “good faith claim” to continue operating Well 3.
5. R&S does have a “good faith claim” to operate Well 3.

IT IS THEREFORE ORDERED that the application of R&S to change the RRC operator of record for Well 3 is **APPROVED** and R&S’ submitted Form P-4 “Certificate of Compliance and Transportation Authority” reflecting itself as the current operator for Well 3 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 7th day of June 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order date June 7, 2016)

JNC / rnf