

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 06-0300914

IN RE: TRANSFER OF RECORD OPERATOR FOR THE MOSLEY, L. (10372) LEASE, WELL NO. 2, MIDWAY LAKE FIELD, WOOD COUNTY, TEXAS, FROM A. K. P. OIL CO. TO GAITHER PETROLEUM CORPORATION

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 Facts and Conclusions of Law.

FINDINGS OF FACT

1. At least ten days notice was given to A. K. P. Oil Co. (Operator No. 000566) and Gaither Petroleum Corporation (Operator No. 292850).
2. A. K. P. Oil Co. is the operator of record for the Mosley, L. (10372) Lease, Well No. 2, Midway Lake Field, located in Wood County, Texas.
3. On or about June 28, 2016, the Administrative Law Judge requested in writing that A. K. P. Oil Co. 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 July 28, 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 the matter.
4. A. K. P. Oil Co. has an active Form P-5, and has sufficient financial assurance for its wells in the form of a \$25,000.00 cash deposit, which expires on September 30, 2016.
5. Gaither Petroleum Corporation has an active Form P-5 with sufficient financial assurance to acquire the lease and well 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.”

7. The subject Commission-recognized lease, the Mosley, L. (10372) Lease, Well No. 2, Midway Lake Field, has not reported production since January 2016.
8. Gaither Petroleum Corporation presented one (1) current oil and gas lease as its “good faith claim” to operate the subject property. The current oil and gas lease purports to cover the subject property and was executed on September 22, 2015, for a five (5) year primary term.
9. A. K. P. Oil Co. failed to provide evidence to the Hearings Division that it holds a “good faith claim” to a continuing right to operate the referenced property and also failed to timely request a hearing.
10. A. K. P. Oil Co. failed to submit to the Hearings Division 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. A. K. P. Oil Co. 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), A. K. P. Oil Co. and Gaither Petroleum Corporation have waived the opportunity to request a hearing on the matter.
13. Gaither Petroleum Corporation has demonstrated a “good faith claim” to a continuous right to operate the referenced property.
14. The Mosley, L. (10372) Lease, Well No. 2, Midway Lake Field, located in Wood County, Texas, should be transferred to Gaither Petroleum Corporation, 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. GOV'T CODE §§ 81.051.
4. A. K. P. Oil Co. does not have a "good faith claim" to continue to operate the subject lease and well.
5. Gaither Petroleum Corporation does have a "good faith claim" to operate the subject lease and well.

IT IS THEREFORE ORDERED that the application of Gaither Petroleum Corporation for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" for the Mosley, L. (10372) Lease, Well No. 2, Midway Lake Field, located in Wood County, Texas, is hereby **APPROVED**, subject to the provisions of TEX. NAT. RES. CODE §§ 91.107, 91.114, 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 Commission Order is signed.

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

Done this August 24, 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(ORDER APPROVED AND SIGNATURES AFFIXED
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER
DATED AUGUST 24, 2016)**