

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 09-0301242**

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**IN RE: SINGLE SIGNATURE P-4 TRANSFER OF RECORD OPERATOR FOR THE WHITE LEASE (LEASE NO. 05496), WELL NOS. 2 AND 3, WICHITA COUNTY REGULAR FIELD, WICHITA COUNTY, TEXAS, FROM LTS OIL & GAS A (OPERATOR NO. 511734) TO ROVER OPERATING COMPANY, LLC (OPERATOR NO. 730380)**

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**FINAL ORDER**

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, LTS Oil & Gas A has failed to request a hearing and did not otherwise respond such that this docket can proceed as a default. This proceeding having been duly submitted to the Commission at a conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. On July 25, 2016, the Commission received an application by Rover Operating Co. (“Rover”), Operator No. 730380, to change the RRC record operator for the White Lease, Lease No. 05496 (“the Lease”), Well Nos. 2 and 3 (“Wells 2 and 3”) from LTS Oil & Gas A (“LTS”), Operator No. 511734, to Rover.
2. LTS is the RRC operator of record for Wells 2 and 3.
3. In a letter dated July 28, 2016, a Commission Administrative Law Judge (“ALJ”) requested in writing that LTS 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 August 29, 2016. This writing expressly notified LTS that failure to timely request a hearing would constitute waiver of the provided opportunity to request a hearing for this proceeding.
4. At least ten days’ notice was given to Rover and LTS.
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. LTS failed to provide evidence that it holds a “good faith claim” to a continuing right to operate Wells 2 and 3, failed to respond to the ALJ’s July 28, 2016 letter, and failed to request a hearing.
7. LTS is delinquent in filing the annual Commission Organization Report (Form P-5).
8. LTS became the RRC operator of record for the Lease in September 2006. There has been no reported production for the Lease since before LTS became the operator of record.
9. To demonstrate its “good faith claim” to operate Wells 2 and 3, Rover presented a notarized Oil and Gas Lease in which Rover, as lessee, has the right to operate the tract and property where the wells are located. The Oil & Gas Lease is dated January 1, 2016.
10. Rover is current in filing the annual Commission Organization Report (Form P-5) and has a \$50,000 letter of credit as its financial assurance on file with the Commission.
11. LTS does not hold a “good faith claim” to operate Wells 2 and 3.
12. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), LTS was provided an opportunity to request a hearing and failed to do so.
13. Rover has demonstrated a “good faith claim” to a continuing right to operate Wells 2 and 3.
14. Wells 2 and 3 should be transferred to Rover as operator of record.

### CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice. *See, e.g.,* TEX. GOV’T CODE § 2001.051; 16 TEX. ADMIN. CODE § 1.45(a).
2. The Commission has jurisdiction in this case. *See, e.g.,* TEX. NAT. RES. CODE § 81.051.
3. LTS does not have a “good faith claim,” as that term is defined in Statewide Rule 15(a)(5), to continue operating Wells 2 and 3. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. Rover does have a “good faith claim” to operate Wells 2 and 3.

**IT IS THEREFORE ORDERED** that the application of Rover to change the RRC operator of record for Wells 2 and 3 is **APPROVED** and Rover’s submitted Form P-4 “Certificate of Compliance and Transportation Authority” reflecting itself as the current operator for Wells 2 and 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 27<sup>th</sup> day of September, 2016, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

(Order approved and signatures affixed by HD  
Unprotested Master Order date September 27,  
2016)

JNC/rmf