



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

### **OIL AND GAS DOCKET No. 01-0301323**

---

**THE APPLICATION OF STATON OIL, LLC (OPERATOR No. 816438) TO SUPERSEDE THE PROVISION IN THE FINAL ORDER ENTERED ON FEBRUARY 23, 2016, IN OIL & GAS DOCKET No. 01-0299222, REQUIRING GALLERY PETROLEUM LLC (OPERATOR No. 293172) TO PLUG THE STATON, C.D. (09408) LEASE, WELL NOS. 1, 2, 3, 4, 6, 7, 8, 9, 10 AND 15, TENNEY CREEK FIELD, CALDWELL COUNTY, TEXAS, AND TO APPROVE STATON OIL, LLC AS OPERATOR OF RECORD**

---

### **FINAL ORDER**

The Commission finds that after notice and opportunity for hearing, the above-captioned proceeding was heard by an Administrative Law Judge and Technical Examiner on September 6, 2016. 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 Fact and Conclusions of Law.

### **FINDINGS OF FACTS**

1. Staton Oil, LLC and Gallery Petroleum LLC were given at least 10 days notice of this proceeding. Staton Oil, LLC appeared at the scheduled time and place for the hearing through its Members Delores Staton and Jesse Staton.
2. Gallery Petroleum LLC did not appear at the scheduled time and place for the hearing.
3. Staton Oil, LLC agreed on the record that this Final Order shall be effective as of the date a Master Order, relating to this Final Order, is signed.
4. Gallery Petroleum LLC holds Operator No. 293172.
5. Staton Oil, LLC holds Operator No. 816438.
6. Gallery Petroleum LLC is the P-4 Record Operator of the Staton, C. D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10, and 15, Tenney Creek Field, located in Caldwell County, Texas.
7. Gallery Petroleum LLC became the operator of the Staton, C. D. (ID No. 09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10, and 15, Caldwell County, Texas, by Form

P-4 transfer with an effective date of May 1, 2011, and an approved date of July 26, 2011.

8. The Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, Tenney Creek Field, Caldwell County, Texas, were ordered plugged by Commission Final Order dated February 23, 2016, in Oil & Gas Docket No. 01-0299222.
9. Online Commission records reflect that the Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, Tenney Creek Field, Caldwell County, Texas, are not plugged.
10. On or about July 29, 2016, Staton Oil, LLC submitted to the Commission a “dual-signature” Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, Tenney Creek Field, Caldwell County, Texas, from Gallery Petroleum LLC to Staton Oil, LLC, as operator of record.
11. Staton Oil, LLC has an active Form P-5 *Organization Report*, which was first filed with the Commission on July 22, 2016.
12. As its financial security, Staton Oil, LLC submitted to the Commission a \$25,000 cash deposit, which expires on June 30, 2017.
13. Staton Oil, LLC presented a Family Agreement dated September 5, 2008, and executed by Jesse Thomas Staton; Christopher Lance Andrews, Individually and as Custodian for Johnathon Ray Andrews; and Phyllis Diane Staton, Individually and as Custodian for Johnathon Ray Andrews, wherein it was mutually agreed between the parties that Jesse Thomas Staton was to own the subject property, as its “good faith claim” to operate the Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, Tenney Creek Field, Caldwell County, Texas.
14. Staton Oil, LLC demonstrated a “good faith claim” to operate the Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, Tenney Creek Field, Caldwell County, Texas.
15. 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. Superseding the Commission Final Order dated February 23, 2016, in Oil & Gas Docket No. 01-0299222, requiring that the Staton, C.D. (09408) Lease, Well Nos.

- 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, Tenney Creek Field, Caldwell County, Texas, be plugged is necessary to prevent waste.
17. Staton Oil, LLC waived its right to the issuance of a Proposal for Decision, and elected to proceed with informal disposition of the matter.
  18. The Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, Tenney Creek Field, Caldwell County, Texas, should be transferred from Gallery Petroleum LLC to Staton Oil, LLC, as operator of record.
  19. The provision in the Final Order entered on February 23, 2016, in Oil & Gas Docket No. 01-0299222, requiring Gallery Petroleum LLC to plug the Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, should be superseded.

#### 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. Staton Oil, LLC has a "good faith claim" to operate the Staton, C. D. (ID No. 09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10, and 15, Caldwell County, Texas.
4. Staton Oil, LLC has filed with the Commission financial assurance of the type and in the amount required under Texas Natural Resources Code § 91.107, to be approved as the operator the Staton, C. D. (ID No. 09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10, and 15, Caldwell County, Texas.
5. A Final Order superseding the provision in the Final Order entered on February 23, 2016, in Oil & Gas Docket No. 01-0299222, requiring Gallery Petroleum LLC to plug the Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, Tenney Creek Field, Caldwell County, Texas, is necessary to prevent waste.
6. This Final Order is effective when a Master Order relating to this Final Order is signed on September 27, 2016.

**IT IS THEREFORE ORDERED** that the provision in the Final Order entered on February 23, 2016, in Oil & Gas Docket No. 01-0299222, requiring Gallery Petroleum LLC to plug the Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15,

Tenney Creek Field, Caldwell County, Texas, is hereby superseded. All other provisions of the Final Order entered on February 23, 2016, shall remain in full force and effect.

It is further **ORDERED** that the Form P-4 *Certificate of Compliance and Transportation Authority* application of Staton Oil, LLC for transfer of the Staton, C.D. (09408) Lease, Well Nos. 1, 2, 3, 4, 6, 7, 8, 9, 10 and 15, Tenney Creek Field, Caldwell 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).

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

Done this September 27, 2016, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(ORDER APPROVED AND SIGNATURES AFFIXED  
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER  
DATED SEPTEMBER 27, 2016)**