

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7B-0299551

IN RE: TRANSFER OF RECORD OPERATOR FOR THE ALEXANDER (25232) LEASE, WELL NOS. 1, 3, 4, AND 5, BROWN COUNTY REGULAR FIELD, BROWN COUNTY, TEXAS, FROM TRI ENERGY RESOURCES, INC. TO ARCADIAN MINERAL DEVELOPMENT, LLC

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the prior operator of the captioned lease requested a hearing on the merits. A hearing on the merits was to be held on October 28, 2016, but, on October 27, 2016, the Protestant withdrew its protest of the application. 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 Tri Energy Resources, Inc. (Operator No. 868574) and Arcadian Mineral Development (Operator No. 028757).
2. Tri Energy Resources, Inc. is the operator of record for the Alexander (25232) Lease, Well Nos. 1, 3, 4, and 5, Brown County Regular Field, Brown County, Texas.
3. On or about January 27, 2016, Arcadian Mineral Development submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Alexander (25232) Lease, Well Nos. 1, 3, 4, and 5, Brown County Regular Field, Brown County, Texas, from Tri Energy Resources, Inc. to Arcadian Mineral Development, as operator of record.
4. On or about February 1, 2016, the Administrative Law Judge requested in writing that Tri Energy Resources, Inc. 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 March 3, 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.

5. On or about February 10, 2016, Tri Energy Resources, Inc. protested the subject application.
6. On or about March 16, 2016, Tri Energy Resources, Inc. requested a hearing on the merits.
7. A hearing on the merits was to be held on May 16, 2016.
8. Notice of Hearing was issued to Tri Energy Resources, Inc. and Arcadian Mineral Development on March 22, 2016, at least ten days prior to the scheduled hearing on the merits.
9. On or about May 11, 2016, Tri Energy Resources, Inc. filed with the Hearings Division a Motion for Continuance moving the Commission to continue the hearing on the merits.
10. On or about May 12, 2016, the Administrative Law Judge granted Tri Energy Resources, Inc.'s Motion for Continuance.
11. A hearing on the merits was to be held on October 28, 2016.
12. Amended Notice of Hearing was issued to Tri Energy Resources, Inc. and Arcadian Mineral Development on September 9, 2016, at least ten days prior to the scheduled hearing on the merits.
13. On or about October 27, 2016, Tri Energy Resources, Inc. withdrew its protest of the subject application.
14. Tri Energy Resources, Inc. has an active Form P-5, and has sufficient financial assurance on file with the Commission in the form of a cash deposit in the amount of \$50,000.00, which expires on July 31, 2017.
15. Arcadian Mineral Development has an active Form P-5 with sufficient financial assurance on file with the Commission in the form of a cash deposit in the amount of \$50,000.00, which expires on August 1, 2017, to acquire the lease and wells in dispute.
16. 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.”

17. The subject Commission-recognized lease, the Alexander (25232) Lease, Well Nos. 1, 3, 4, and 5, Brown County Regular Field, Brown County, Texas, had zero (0) reported production beginning April 2015 through August 2016.
18. The subject Commission-recognized lease, the Alexander (25232) Lease, Well Nos. 1, 3, 4, and 5, Brown County Regular Field, Brown County, Texas has not reported production since August 2016.
19. Arcadian Mineral Development presented a 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 January 4, 2016, for a one (1) year primary term.
20. Tri Energy Resources, Inc. failed to demonstrate that it holds a “good faith claim” to a continuing right to operate the referenced property and also withdrew its protest of the subject application.
21. Tri Energy Resources, Inc. does not hold a “good faith claim” to operate the referenced property.
22. Arcadian Mineral Development has demonstrated a “good faith claim” to a continuous right to operate the referenced property.
23. The Alexander (25232) Lease, Well Nos. 1, 3, 4, and 5, Brown County Regular Field, Brown County, Texas, should be transferred to Arcadian Mineral Development, 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. Tri Energy Resources, Inc. does not have a “good faith claim” to continue to operate the subject lease and well.
5. Arcadian Mineral Development does have a “good faith claim” to operate the subject lease and well.

IT IS THEREFORE ORDERED that the application of Arcadian Mineral Development for transfer of the Form P-4 “Certificate of Compliance and Transportation Authority” for the Alexander (25232) Lease, Well Nos. 1, 3, 4, and 5, Brown County Regular Field, Brown 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 December 6, 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(ORDER APPROVED AND SIGNATURES AFFIXED
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER
DATED NOVEMBER 15, 2016)**