

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 05-0302458

IN RE: SINGLE SIGNATURE P-4 TRANSFER OF RECORD OPERATOR FOR THE HOPKINS SPINDLETOP LEASE (LEASE NO. 03752), WELL NO. 1, SANTA FE SPINDLETOP (SMACKOVER) FIELD, HOPKINS COUNTY, TEXAS, FROM TEXTRON SOUTHWEST INC. (OPERATOR NO. 850938) TO SAFARI PRODUCTION COMPANY, INC. (OPERATOR NO. 743197)

FINAL ORDER

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Textron Southwest Inc. 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 November 7, 2016, Safari Inc. (“Safari”), RRC Operator No. 743197, filed a single-signature Form P-4 “Certificate of Compliance and Transportation Authority” (“Form P-4”) requesting that it be designated the Commission operator of record for the Valois Lease, Lease No. 03752, Well No. 1 (the “Well”). The Form P-4 did not contain the signature of the current Commission operator of record for the Well.
2. Textron Southwest Inc. (“Textron”), RRC Operator No. 850938, is the current Commission operator of record for the Well.
3. In a letter dated November 8, 2016, a Commission Administrative Law Judge (“ALJ”) requested in writing that Textron either: (1) provide evidence that it holds a “good faith claim” to a continuing right to operate the Well; or (2) request a hearing on the matter on or before December 19, 2016. This writing expressly notified Textron that failure to timely request a hearing would constitute waiver of the provided opportunity to request a hearing for this proceeding.
4. 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).

5. Textron failed to provide evidence that it holds a good faith claim to a continuing right to operate the Well, failed to respond to the ALJ's November 8, 2016 letter, and failed to request a hearing.
6. At least ten days' notice of an opportunity for hearing was given to Safari and Textron.
7. Textron is delinquent in filing the annual Commission Organization Report (Form P-5).
8. Textron became the RRC operator of record for the Well in November of 2004. There has been no reported production for the Well since August of 2015.
9. To demonstrate its good faith claim to operate, Safari presented a notarized written lease granting Safari the right to operate the acreage where the Well is located.
10. Safari has a current annual Commission Organization Report (Form P-5) with a \$50,000 bond as its financial assurance. Safari is currently the record operator of only one well, not counting the Well at issue in this case. Safari has sufficient financial assurance to operate the Well. Safari's status at the Commission is active. *See* 16 TEX. ADMIN. CODE § 3.78(d) and (g).
11. Textron does not have a good faith claim to operate the Well.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Textron was provided an opportunity to request a hearing and failed to do so.
13. Safari has demonstrated a good faith claim to a continuing right to operate the Well.
14. The Well should be transferred to Safari 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. Textron does not have a "good faith claim," as that term is defined in Statewide Rule 15(a)(5), to continue operating the Well. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. Safari does have a good faith claim to operate the Well.

IT IS THEREFORE ORDERED that the application of Safari to change the RRC operator of record for the Well is **APPROVED** and Safari's submitted Form P-4 "Certificate of Compliance and Transportation Authority" reflecting itself as the current operator for the Well 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 24th day of January, 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated January 24, 2017)

JNC/rmf