

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 02-0301885

SINGLE SIGNATURE P-4 FILING OF ACOCK/ANAQUA OPERATING Co., LP (Op. No. 003599) TO TRANSFER THE OPERATOR OF RECORD FOR THE ROOKE, P.H. (04972) LEASE, WELL NO. 11, REFUGIO NEW (3670) FIELD, REFUGIO COUNTY, TEXAS, FROM 38 OIL & GAS, LLC (Op. No. 953768) TO ACOCK/ANAQUA.

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 Fact and Conclusions of Law.

FINDINGS OF FACT

1. At least ten days notice was given to 38 Oil & Gas, LLC ("38 Oil") (Operator No. 953768) and Acock/Anaqua Operating Co., LP ("Acock/Anaqua") (Operator No. 003599). By letter dated October 31, 2016, 38 Oil was afforded the opportunity to submit evidence of a continuing right to operate the subject lease and wells or request a hearing on the matter. 38 Oil did neither.
2. By Form P-4 dated August 31, 2016, Acock/Anaqua requested transfer of the Certificate of Compliance and Transportation Authority for the Rooke, P.H. (ID# 04972) Lease, Well No. 11, Refugio New (3670) Field, Refugio County, Texas, from 38 Oil to Acock/Anaqua, subject to Commission processing of an accompanying Form P-6. After processing of the Form P-6, the 981.42-acre Rooke, P.H. (04972) Lease will be divided into the 981.42-acre Rooke, P.H. (04972) Lease, Well Nos. 23 and 40, operated by 38 Oil, and the 0-acre Rooke, P.H. SWD Lease, Well No. 11, operated by Acock/Anaqua.
3. By Form P-6, filed August 31, 2016 with the Commission, Acock/Anaqua seeks to acquire Well No. 11 and 0 acres out of the 981.42-acre Rooke, P.H. Lease. The new lease will become known as the Rooke, P.H. SWD Lease, with a lease ID number to be assigned after the Form P-6 is processed. After the Form P-6 is processed, the Rooke, P.H. (04972) Lease will consist of 981.42 acres and contain only Well Nos. 23 and 40, still operated by 38 Oil.
4. By failing to respond to notice and opportunity for hearing, 38 Oil chose to rely on informal disposition of the docket pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).

5. 38 Oil's Form P-5 is in Delinquent status. 38 Oil tendered financial security with the Commission in the form of a \$50,000 cash deposit, which expired October 31, 2011.
6. Acock/Anaqua has a current, active Form P-5 with sufficient financial assurance to acquire the lease and wells in dispute. Acock/Anaqua has filed a \$250,000 Bond with the Commission as financial assurance, which will expire on September 1, 2017.
7. The subject Commission-recognized lease, the Rooke, P.H. (04972) Lease, Well Nos. 11, 23, and 40, has not reported production from the time that 38 Oil took the lease by P-4 transfer effective June 1, 2002 and approved July 1, 2002, to the present date.
8. 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."
9. Acock/Anaqua filed an Oil & Gas Lease between Lessors F.B. Rooke & Sons, LTD; Rooke Scanio Interests; and Aldrete Ranch Ltd and Lessee San Isidro Development Company, LC., with a signature date of August 14, 2014 and a three year primary term. There is a Partial Assignment of Lease between San Isidro Development Company, LC and Acock/Anaqua executed October 22, 2015.
10. Acock/Anaqua presented an Operating Agreement in which it is named as the operator of the New Refugio Field Prospect, Refugio County, Texas, effective June 4, 2015.
11. The current operator, 38 Oil, did not present a "good faith claim" to operate the Rooke, P.H. (04972) Lease, and did not respond to an October 31, 2016 Commission letter requesting that it either provide a good faith claim to operate the subject lease or request a hearing.
12. Acock/Anaqua presented a valid lease, a Partial Assignment of Lease, and an Operating Agreement designating Acock/Anaqua as operator, and a Form P-6 subdividing the 981.42-acre Rooke, P.H. (04972) Lease, Well Nos. 11, 23 and 40, into the 981.42-acre Rooke, P.H. (04972) Lease, Well Nos. 23 and 40 and the 0-acre Rooke, P.H. SWD Lease, Well No. 11.

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. The current Commission-recognized operator, 38 Oil & Gas, LLC (Op. No. 953768), of the Rooke, P.H. (04972) Lease, Well Nos. 11, 23, and 40, did not present a good faith claim to operate the subject lease and wells.

4. 38 Oil & Gas, LLC did not contest the P-4 transfer or Form P-6 subdivision of the subject lease and wells.
5. Acock/Anaqua Operating Co., LP (Op. No.003599) has demonstrated a "Good Faith Claim" to operate what will become, after Commission processing of the submitted Form P-6, the 0-acre Rooke, P.H. SWD Lease, Well No. 11.

IT IS THEREFORE ORDERED that the application of Acock/Anaqua Operating Co., LP. (Operator No. 003599) for the Form P-6 subdivision of the 981.42-acre Rooke, P.H. (04972) Lease and the transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" for the newly-formed 0-acre Rooke, P.H. SWD Lease, Well No. 11, Refugio New (3670) Field, Refugio County, Texas, are hereby **APPROVED**.

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 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)**