

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 01-0301996**

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**COMPLAINT BY OSCAR H. FOGLE THAT HIGHER STANDARD OIL COMPANY, INC. (OP. NO. 385715) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE J.W. HOWARD (11431) LEASE, WELL NO. 4, FENTRESS FIELD, CALDWELL COUNTY, TEXAS.**

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### FINAL ORDER

The Commission finds that after notice and opportunity for hearing, Higher Standard Oil Company, Inc. 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 Higher Standard Oil Company, Inc. ("Higher Standard") by letter dated November 17, 2016, that it could contest the captioned complaint by (1) filing evidence of a good faith claim to operate the captioned lease and well, or (2) request a hearing on the matter. Higher Standard was requested to file a response no later than December 19, 2016, but did not do so.
2. Higher Standard's failure to respond to notice and opportunity for hearing constitutes waiver of the opportunity to request a hearing and the docket is hereby set for informal disposition pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).
3. By letter dated October 3, 2016, Oscar H. Fogle filed his complaint that Higher Standard did not have a good faith claim to operate the J.W. Howard (11431) Lease, Well No. 4. With his complaint, Mr. Fogle also filed:
  - a.) an Oil, Gas and Mineral Lease dated August 17, 2011 from Lessors Oscar Fogle and wife Susie Fogle; Patty Fogle Rucker and husband Adair Rucker; Robert D. Fogle and wife Roxy Fogle; and Billy Fogle and wife Nancy Fogle, to Lessee Sabine River Energy, LLC. The Lease had a primary term of two years.
  - b.) a Release of Oil, Gas and Mineral Lease dated February 1, 2016 but notarized on January 3, 2016, referring to the August 17, 2011 lease referred to above, and its subsequent Assignment dated April 1, 2013 from Sabine River Energy, LLC to

Ranch and Farm Resources, LP, followed by the Assignment, Bill of Sale and Conveyance dated February 1, 2014 of an undivided 50% working interest from Ranch and Farm Resources, LP to HFTSO Acquisitions, Inc. The Release of Oil, Gas and Mineral Lease is signed by Robert Miller, in his capacity as a Limited Partner in Ranch and Farm Resources, LP.

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 §15(a)(5).
5. The J.W. Howard (11431) Lease, Well No. 4, was properly plugged by The Rollert Co., Inc. in October, 1992. The well was removed from schedule.
6. Higher Standard moved onto the J.W. Howard (11431) Lease on August 12, 2013 and exposed the casing stub of the plugged Well No. 4, claiming that this operation extended the Lease under the Continuous Operations Clause of the Lease.
7. Higher Standard obtained a drilling permit for re-entry of the J.W. Howard Lease, Well No. 4 from the Commission on September 30, 2013.
  - a.) The Status Number of the re-entry permit granted to Higher Standard Oil Company, Inc. was 770100.
  - b.) The API number of the well is 42-055-33824.
  - c.) the Form W-1 for Higher Standard to re-enter the J.W. Howard Lease, Well No. 4, was filed online, with the signature of Robert Miller as Land Manager for Higher Standard.
8. Higher Standard moved a workover rig onto the J.W. Howard Lease on February 15, 2014 and began re-entry operations on Well No. 4. The well was shut-in and abandoned on June 25, 2015.
9. Following the abandonment of the J.W. Howard Lease, Well No. 4, Higher Standard failed to file completion papers. Consequently, Higher Standard does not appear in Commission records as the Form P-4 operator of the J.W. Howard Lease, Well No. 4.
10. By obtaining a Form W-1 re-entry permit for the J.W. Howard Lease, Well No. 4, and conducting workover operations on the properly plugged well, Higher Standard Oil Company, Inc. became the new operator of that well and lease, despite its failure to file completion papers.

11. Well No. 4 on the J.W. Howard Lease has not produced since its abandonment on June 25, 2015. The period of non-production now exceeds one year.

**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. Higher Standard Oil Company, Inc. (Op. No. 385715) has failed to demonstrate a good faith claim to operate the J.W. Howard Lease, Well No. 4.
4. Higher Standard Oil Company is the operator of the J.W. Howard Lease, Well No. 4.

The Commission **FINDS** that Higher Standard Oil Company, Inc. does not have a good faith claim to operate the J.W. Howard Lease, Well No. 4, Fentress Field, Caldwell County, Texas.

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 14th day of February, 2017, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division Unprotected Master Order dated  
February 14, 2017)**