

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 09-0302684

IN RE: SINGLE SIGNATURE P-4 TRANSFER OF RECORD OPERATOR FOR THE CHAPMAN, ZADA LEASE (LEASE NO. 18823), WELL NO. 2, YOUNG COUNTY REGULAR FIELD, YOUNG COUNTY, TEXAS TO CHANGE THE OPERATOR FROM GREATER WICHITA OIL & GAS DEV., LTD (OPERATOR NO. 329600) TO WP OIL & GAS EXPLORATION LLC (OPERATOR NO. 945196)

FINAL ORDER

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Greater Wichita Oil & Gas Dev., LTD failed to appear at the hearing 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. WP Oil & Gas Exploration LLC (“WP”), Operator No. 945196, 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 Chapman, Zada Lease (Lease No. 18823), Well No. 2 (the “Well”). The Form P-4 did not contain the signature of the current operator of record for the Well.
2. Greater Wichita Oil & Gas Dev., LTD (“Greater Wichita”), Operator No. 329600, is the current Commission operator of record for the Well.
3. In a letter dated December 7, 2016, a Commission Administrative Law Judge (“ALJ”) requested in writing that Greater Wichita 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 January 6, 2017. This writing expressly notified Greater Wichita 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. Greater Wichita 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 December 7, 2016 letter, and failed to request a hearing.
6. At least ten days' notice of an opportunity for hearing was given to WP and Greater Wichita.
7. Greater Wichita is delinquent in filing the annual Commission Organization Report (Form P-5).
8. Greater Wichita became the RRC operator of record for the Well in January 1993. There has been no reported production for the Well since at least January 1993.
9. To demonstrate its "good faith claim" to operate the Well, WP presented a Partial Assignment, Bill of Sale and Conveyance of Oil & Gas Leasehold Estate ("Partial Assignment") covering the property where the Well is located and giving WP the right to operate the Well. This Partial Assignment was signed on August 1, 2014 and notarized.
10. WP has a current annual Commission Organization Report (Form P-5) with a \$25,000 letter of credit as its financial assurance on file with the Commission. WP currently operates three wells. WP has sufficient financial assurance to operate the Well. *See* 16 TEX. ADMIN. CODE 3.78(d) and (g). WP's status at the Commission is active.
11. Greater Wichita does not hold a good faith claim to operate the Well.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Greater Wichita was provided an opportunity for a hearing and failed to request one.
13. Greater Wichita has demonstrated a good faith claim to a continuing right to operate the Well.
14. The Well should be transferred to WP as operator of record.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to the persons entitled to notice. *See, e.g.*, TEX. GOV'T CODE §§ 2001.051 and 2001.052; 16 TEX. ADMIN. CODE §§ 1.45 and 1.48.
2. The Commission has jurisdiction in this case. *See, e.g.*, TEX. NAT. RES. CODE § 81.051.
3. Greater Wichita does not have a good faith claim to continue operating the Well. WP does have a good faith claim to operate the Well. 16 TEX. ADMIN. CODE 3.15(a)(5).
4. The RRC record operator of the Well should be transferred from Greater Wichita to WP. *See* 16 TEX. ADMIN. CODE 3.58(a)(4).

IT IS THEREFORE ORDERED that the application of WP to change the RRC operator of record for the Well is **APPROVED** and WP'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 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 parties are notified of this order in accordance with TEX. GOV'T CODE § 2001.144.

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 HD
Unprotested Master Order dated February 14, 2017)

JNC/rnf