

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 04-0302454

IN RE: SINGLE SIGNATURE P-4 TRANSFER OF RECORD OPERATOR FOR THE ADAMI, FRANCISCA LEASE (LEASE NO. 04315), WELL NOS. 6 AND 9, QUE SERA (MIRANDO) FIELD, WEBB COUNTY, TEXAS, FROM FORBES, JOHN OPERATING (OPERATOR NO. 275608) TO RYSTIN OIL & GAS (OPERATOR NO. 740145)

FINAL ORDER

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Forbes, John Operating 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. Rystin Oil & Gas (“Rystin”), RRC Operator No. 740145, 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 Adami, Francisca Lease, Lease No. 04315, Well Nos. 6 and 9 (the “Wells”). The Form P-4 did not contain the signature of the current Commission operator of record for the Wells.
2. Forbes, John Operating (“Forbes”), RRC Operator No. 275608, is the current Commission operator of record for the Wells.
3. In a letter dated December 16, 2016, a Commission Administrative Law Judge (“ALJ”) requested in writing that Forbes 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 16, 2017. This writing expressly notified Forbes 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. Forbes failed to provide evidence that it holds a good faith claim, failed to respond to the ALJ’s December 16, 2016 letter, and failed to request a hearing.

6. At least ten days' notice of an opportunity for hearing was given to Rystin and Forbes.
7. Forbes is delinquent in filing the annual Commission Organization Report (Form P-5).
8. Forbes became the RRC operator of record for the Wells in September 2010. There has been no reported production for the Wells since June 2013.
9. To demonstrate its good faith claim to operate, Rystin presented a notarized written lease granting Rystin the right to operate the acreage where the Wells are located.
10. Rystin has a current annual Commission Organization Report (Form P-5) with a \$12,088 cash deposit as its financial assurance. Rystin is currently the record operator of two wells at a total depth of 3,800 feet. The Wells have a combined total depth of 2,244 feet. Rystin has sufficient financial assurance to operate the Wells. Rystin's status at the Commission is active. *See* 16 TEX. ADMIN. CODE § 3.78(d) and (g).
11. Forbes does not have a good faith claim to operate the Wells.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Forbes was provided an opportunity to request a hearing and failed to do so.
13. Rystin has demonstrated a good faith claim to a continuing right to operate the Wells.
14. The Wells should be transferred to Rystin 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. Forbes does not have a "good faith claim," as that term is defined in Statewide Rule 15(a)(5), to continue operating the Wells. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. Rystin does have a good faith claim to operate the Wells.

IT IS THEREFORE ORDERED that the application of Rystin to change the RRC operator of record for the Wells to be processed as if it were also signed by Forbes is **APPROVED** and its submitted Form P-4 "Certificate of Compliance and Transportation Authority" reflecting itself as the current operator for the Wells is **APPROVED** to be processed as if submitted with the signature of Forbes 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 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