

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0303147

IN RE: SINGLE SIGNATURE P-4 TRANSFER OF RECORD OPERATOR FOR THE TURLINSON LEASE (LEASE NO. 11353), WELL NOS. 1 AND 14, BLAKEWAY (OLMOS A) FIELD, DIMMIT COUNTY, TEXAS, FROM TEXOWA, LLC (OPERATOR NO. 850822) TO NEORR, STEVE (OPERATOR NO. 604680)

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Texowa, LLC failed to request a hearing and did not otherwise respond such that this docketed case 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 January 4, 2017, Neorr, Steve, RRC Operator No. 604680 ("Neorr"), 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 Turlinson Lease, Lease No. 11353, Well Nos. 1 and 14 (the "Wells"). The Form P-4 did not contain the signature of the current Commission operator of record for the Wells.
2. Texowa, LLC ("Texowa"), RRC Operator No. 850822, is the current Commission operator of record for the Wells.
3. In a letter dated January 19, 2017, a Commission Administrative Law Judge ("ALJ") requested in writing that Texowa 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 February 17, 2017. This writing expressly notified Texowa that failure to timely request a hearing could 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. Texowa failed to provide evidence that it holds a good faith claim to a continuing right to operate the Wells, failed to respond to the ALJ's January 19, 2017 letter, and failed to request a hearing.
6. At least ten days' notice of an opportunity for hearing was given to Neorr and Texowa.
7. Texowa is delinquent in filing the annual Commission Organization Report (Form P-5).
8. Texowa became the RRC operator of record for the Wells in December 2015. There has been no reported production for the Wells since March 2014.
9. To demonstrate its good faith claim to operate the Wells, Neorr presented a notarized and filed a Correction Substitute Trustee's Assignment of Oil and Gas Leases and Bill of Sale effective May 3, 2016 that grants Neorr the right to operate the Wells.
10. Neorr has a current annual Commission Organization Report (Form P-5) with a \$50,000 bond as its financial assurance. Neorr has sufficient financial assurance to operate the Wells. Neorr, Steve's status at the Commission is active.
11. Texowa does not have a good faith claim to operate the Wells.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Texowa was provided an opportunity to request a hearing and failed to do so.
13. Neorr has demonstrated a good faith claim to a continuing right to operate the Wells.
14. The Wells should be transferred to Neorr 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. Texowa 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. Neorr does have a good faith claim to operate the Wells.

IT IS THEREFORE ORDERED that the application of Neorr to change the RRC operator of record for the Wells is **APPROVED** and Neorr's submitted Form P-4 "Certificate of Compliance and Transportation Authority" reflecting itself as the current operator for the Wells 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 21st day of March, 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotected Master Order dated March 21,
2017)

JNC/rnf