

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 01-0303360**

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**IN RE: SINGLE SIGNATURE P-4 TRANSFER OF RECORD OPERATOR FOR THE JUTSON, ARVA L. LEASE (LEASE NO. 08044), MINERVA-ROCKDALE FIELD, MILAM COUNTY, TEXAS, FROM PRICE OPERATING, LLC (OPERATOR NO. 676856) TO NORTH TEXAS ENERGY, INC. (OPERATOR NO. 614190)**

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**FINAL ORDER**

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Price Operating, 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 26, 2017, North Texas Energy, Inc. (“North Texas”), RRC Operator No. 614190, 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 Jutson, Arva L. Lease, RRC Lease No. 08044 (“the Lease”). The Form P-4 did not contain the signature of the current Commission operator of record for the Lease.
2. Price Operating, LLC (“Price”), RRC Operator No. 676856, is the current Commission operator of record for the Lease.
3. In a letter dated February 3, 2017, a Commission Administrative Law Judge (“ALJ”) requested in writing that Price 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 March 6, 2017. This writing expressly notified Price 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. Price failed to provide evidence that it holds a good faith claim to a continuing right to operate the Lease, failed to respond to the ALJ's February 3, 2017 letter, and failed to request a hearing.
6. At least ten days' notice of an opportunity for hearing was given to North Texas and Price.
7. Price became the RRC operator of record for the Lease in June 2012. From June 2012 through April 2014, and from August 2016 through February 2017, there was no reported production for the Lease. Between October 2014 through July 2016, there was reported production for one month of two barrels of oil, and the remaining months either zero or one barrel of oil production was reported.
8. To demonstrate its good faith claim to operate the Lease, North Texas provided:
  - a. A notarized 1981 Oil, Gas and Mineral Lease filed with the county and that Price relied on for its right to operate, which requires continued production after a primary term of one year;
  - b. The notarized assignment filed with the county assigning the 1981 written lease to Price;
  - c. A notarized Oil and Gas Lease dated August 4, 2016, filed with the county and granting North Texas the right to operate the Lease; and
  - d. Pictures of the Lease showing it as abandoned and containing disfunctional equipment.
9. North Texas has a current annual Commission Organization Report (Form P-5) with a \$50,000 cash deposit as its financial assurance. North Texas is currently the record operator of 24 wells. North Texas has sufficient financial assurance to operate the Lease. North Texas' status at the Commission is active.
10. Price does not have a good faith claim to operate the Lease.
11. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Price was provided an opportunity to request a hearing and failed to do so.
12. North Texas has demonstrated a good faith claim to a continuing right to operate the Lease.
13. The Lease should be transferred to North Texas 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. Price does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Lease. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. North Texas does have a good faith claim to operate the Lease.

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

## RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD  
Unprotested Master Order date April 4, 2017)

JNC/rmf