

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0303442

COMPLAINT BY SCHUYLER WIGHT THAT WALBET, INC. (OPERATOR NO. 891734) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE BLACKMON-SCHARFF (04769) LEASE, PECOS VALLEY (HIGH GRAVITY) FIELD, LOCATED IN PECOS COUNTY, TEXAS

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the operator of the captioned lease responded with evidence to demonstrate that the operator maintains a "good faith claim" to operate the captioned lease. 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 Facts and Conclusions of Law.

FINDINGS OF FACTS

1. Walbet, Inc. ("Walbet") holds Form P-5 *Organization Report* Operator No. 891734.
2. Walbet is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Blackmon-Scharff (04769) Lease, Pecos Valley (High Gravity) Field, located in Pecos County, Texas.
3. On or about January 26, 2017, Complainant, being Schuyler Wight, ("Complainant"), submitted to the Commission a complaint letter alleging that Walbet lacks authority to operate the Blackmon-Scharff (04769) Lease, Pecos Valley (High Gravity) Field, located in Pecos County, Texas and that such Lease was out of compliance with various Statewide Rules.
4. On or about January 31, 2017, the Administrative Law Judge requested in writing that Walbet 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 13, 2017. This writing expressly notified the operator that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing on the matter. Walbet submitted to the Administrative Law Judge evidence showing that Walbet maintains a "good faith claim" to operate the Blackmon-Scharff (04769) Lease, Pecos Valley (High Gravity) Field.

5. By submitting written evidence showing that Walbet maintains a "good faith claim" to operate the Blackmon-Scharff (04769) Lease, Pecos Valley (High Gravity) Field, Pecos County, Texas (rather than request a hearing on the merits), Walbet chose to rely on informal disposition of this docket pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e).
6. Walbet has an active Form P-5 with financial assurance in the form of a \$250,000 letter of credit, which expires on June 1, 2017. Walbet is the operator of some 199 wells, over 100 of which are in the Pecos Valley (High Gravity) Field.
7. The Blackmon-Scharff (04769) Lease, Pecos Valley (High Gravity) Field, Pecos County, Texas, has reported continuous production for over 20 years.
8. 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)]. Walbet submitted a recorded Oil, Gas and Mineral Lease dated June 2, 1944.
9. Walbet filed with the Hearings Division evidence sufficient to demonstrate Walbet's "good faith claim" to a continuing right to operate the Blackmon-Scharff (04769) Lease, Pecos Valley (High Gravity) Field, Pecos County, Texas. In addition, Walbet has brought the subject Lease into compliance according to the most recent Staff Inspection Report dated March 15, 2017.
10. Walbet has a "good faith claim" to operate the Blackmon-Scharff (04769) Lease, Pecos Valley (High Gravity) Field, Pecos County, Texas.

CONCLUSIONS OF LAW

1. Proper notice of an opportunity for a hearing was timely issued to all persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Walbet has a "good faith claim" to operate the Blackmon-Scharff (04769) Lease, Pecos Valley (High Gravity) Field, Pecos County, Texas.

THEREFORE, the Railroad Commission of Texas hereby finds that Walbet, Inc. (Operator No. 891734) has a "good faith claim" to operate the Blackmon-Scharff (04769) Lease, Pecos Valley (High Gravity) Field, Pecos County, Texas.

It is **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 Commission Order is signed. All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 25th day of April, 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS
(Order approved and signatures affixed
by Hearings Division Unprotested Master
Order dated April 25, 2017)