

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7B-0304573

IN RE: P-4 GOOD FAITH CLAIM REVIEW AND TRANSFER OF RECORD OPERATOR FOR THE WRIGHT LEASE (LEASE NO. 29504), ANSON, NORTH (KING) FIELD, JONES COUNTY, TEXAS, FROM CEDAR RIDGE ENERGY, INC. (OPERATOR NO. 140622) TO BLUFF CREEK PETROLEUM, LLC (OPERATOR NO. 076859)

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Cedar Ridge Energy, Inc. declined the opportunity for hearing such that this docket can proceed as a default. This proceeding having duly been 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 or about January 23, 2017, Bluff Creek Petroleum, LLC ("Bluff Creek"), RRC Operator No. 076859, filed Form P-4 "Certificate of Compliance and Transportation Authority" ("Form P-4") requesting that it be designated the Commission operator of record for the Wright Lease, RRC Lease No. 29504, Well No. 1 ("the Well"). The Form P-4 contained the signature of Bluff Creek as well as the signature of the current Commission operator of record for the Lease.
2. Cedar Ridge Energy, Inc. ("Cedar Ridge"), RRC Operator No. 140622, is the current RRC operator of record for the Well.
3. There is a RRC hold preventing a transfer of the Well due to a final order issued on September 27, 2016 in Oil & Gas Docket No. 7B-0300090, finding that Cedar Ridge does not have a good faith claim to operate the Well and requiring the Well to be plugged.
4. On April 17, 2017, Cedar Ridge filed a letter waiving notice, the right of a hearing, the right of a motion for rehearing and requesting that the Well be transferred to Bluff Creek.
5. 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).

6. To demonstrate its good faith claim to operate the Lease, Bluff Creek a written lease with the owner of the property as the lessor and Bluff Creek as lessee granting Bluff Creek a continuing right to operate the Well.
7. Bluff Creek has a current annual Commission Organization Report (Form P-5) with a \$50,000 line of credit as its financial assurance. Bluff Creek is currently the record operator of 57 wells, not counting the Well. Bluff Creek has sufficient financial assurance to operate the Well. Bluff Creek’s status at the Commission is active. See 16 TEX. ADMIN. CODE § 3.78(d) and (g).
8. Bluff Creek has demonstrated a good faith claim to a continuing right to operate the Well.
9. The Well should be transferred to Bluff Creek as operator of record.
10. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), Cedar Ridge was provided an opportunity to request a hearing and failed to do so. In fact, Cedar Ridge declined to be a party in this case.
11. Bluff Creek agreed in writing that the Final Order in this case is to be effective when the Master Order is signed.

CONCLUSIONS OF LAW

1. Proper notice of opportunity for 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. Bluff Creek has a good faith claim to operate the Lease.
4. Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code, and the agreement of Bluff Creek, the Final Order should be effective when a Master Order relating to the Final Order is signed.

IT IS THEREFORE ORDERED that the application of Bluff Creek to change the RRC operator of record for the Well is **APPROVED** and Bluff Creek’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 **ORDERED** that the RRC transfer hold on the Well due to the final order issued in Oil & Gas Docket No. 7B-0300090 be canceled to allow transfer of the Well to Bluff Creek.

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code, and the agreement of Bluff Creek, this Final Order is effective when a Master Order relating to this Final Order is signed.

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 10th day of May 2017 in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated May 10, 2017)

JNC/rmf