

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 09-0304236

IN RE: TRANSFER OF RECORD OPERATOR FOR THE BARRON (231729) LEASE, WELL NO. 3, NEWARK, EAST (BARNETT SHALE) FIELD, PALO PINTO COUNTY, TEXAS, FROM COLOTEX OPERATING, LLC TO ATHENA RESOURCES, INC.

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the prior operator of the captioned lease did not respond and the docket proceeded as a default. 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 FACT

1. At least ten days' notice was given to Colotex Operating, LLC (Operator No. 168908), ("Colotex"), and Athena Resources, Inc. (Operator No. 036056), ("Athena").
2. Colotex is the operator of record for the Barron (231729) Lease, Well No. 3, Newark, East (Barnett Shale) Field, Palo Pinto County, Texas.
3. On or about March 14, 2017, Athena submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Barron (231729) Lease, Well No. 3, Newark, East (Barnett Shale) Field, Palo Pinto County, Texas, from Colotex to Athena, as operator of record.
4. On or about March 24, 2017, the Administrative Law Judge requested in writing that Colotex 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 April 10, 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.
5. Colotex has a delinquent Form P-5 without financial assurance on file with the Commission.

6. Athena has an active Form P-5 with sufficient financial assurance in the form of a \$50,000 bond, which expires on January 31, 2018, to acquire the lease and well in dispute.
7. 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.”
8. The Barron (231729) Lease, Well No. 3, Newark, East (Barnett Shale) Field, Palo Pinto County, Texas, has not reported production since April 2016.
9. Athena presented an Oil & Gas and Mineral Lease as its “good faith claim” to operate the subject property. The Oil & Gas and Mineral Lease purports to cover the subject property and was executed on December 22, 2016, for an eighteen (18) month primary term.
10. Colotex failed to reply to the Administrative Law Judge’s letter dated March 24, 2017, with any documents that it holds a “good faith claim” to a continuing right to operate the referenced property and failed to timely request a hearing.
11. Colotex does not have a “good faith claim” to operate the referenced property.
12. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), Colotex and Athena have waived the opportunity to request a hearing on the matter.
13. Athena has demonstrated a “good faith claim” to a continuous right to operate the referenced property.
14. The Barron (231729) Lease, Well No. 3, Newark, East (Barnett Shale) Field, Palo Pinto County, Texas, should be transferred to Athena, as operator of record.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Resolution of this docket is a matter committed to the jurisdiction of the Commission. TEX. GOV’T CODE §§ 81.051.

4. Colotex does not have a “good faith claim” to continue to operate the subject lease and well.
5. Athena has a “good faith claim” to operate the subject lease and well.

IT IS THEREFORE ORDERED that the application of Athena Resources, Inc. for transfer of the Form P-4 “Certificate of Compliance and Transportation Authority” for Barron (231729) Lease, Well No. 3, Newark, East (Barnett Shale) Field, Palo Pinto County, Texas, is hereby **APPROVED**, subject to the provisions of TEX. NAT. RES. CODE §§ 91.107, 91.114, 91.142 and 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), 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 May 10, 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(ORDER APPROVED AND SIGNATURES AFFIXED
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER
DATED MAY 10, 2017)**