

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0306562

IN RE: SINGLE SIGNATURE P-4 TRANSFER OF RECORD OPERATOR FOR THE CHESSHER LEASE (LEASE NO. 03230), WELL NOS. 9 and 10, DARST CREEK (BUDA) FIELD, GUADALUPE COUNTY, TEXAS, FROM GINCO OPERATING CO. (OPERATOR NO. 307228) TO YORK E & P, LLC (OPERATOR NO. 947242)

FINAL ORDER

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Ginco Operating Co. failed to request a hearing and did not otherwise respond such that this 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 or about August 28, 2017, York E & P, LLC (“York”), RRC Operator No. 947242, 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 Chessher Lease (Lease No. 03230), Well Nos. 9 and 10 (“Wells”). The Form P-4 did not contain the signature of the current Commission operator of record for the Lease.
2. Ginco Operating Co. (“Ginco”), RRC Operator No. 307228, is the current Commission operator of record for the Lease.
3. In a letter dated August 30, 2017, a Commission Administrative Law Judge (“ALJ”) requested in writing that Ginco 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 September 13, 2017. This writing expressly notified Ginco 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. Ginco 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 August 30, 2017 letter and failed to request a hearing.
6. At least ten days' notice of an opportunity for hearing was given to York and Ginco.
7. Ginco became the RRC operator of record for the Wells in January 1995. There has been no reported production for the Wells since at least September 2011.
8. To demonstrate its good faith claim to operate the Wells, York submitted a notarized contractual lease dated August 11, 2017, giving it the right to operate the Wells.
9. York has a current annual Commission Form P-5 *Organization Report* with a \$25,000 bond as its financial assurance. York is currently the record operator of two wells, not counting the Wells. York has sufficient financial assurance to operate the Wells. York's status at the Commission is active. See 16 TEX. ADMIN. CODE § 3.78(d) and (g).
10. Ginco does not have a good faith claim to operate the Wells.
11. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Ginco was provided an opportunity to request a hearing and failed to do so.
12. York has demonstrated a good faith claim to a continuing right to operate the Wells.
13. The Wells should be transferred to York as operator of record.
14. York agreed and requested in writing that the effective date of this Final Order be the date the Master Order related to this Final Order is signed.

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. Ginco 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. York does have a good faith claim to operate the Wells.
5. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and by agreement of the Parties in writing or on the record, **the parties have waived**

the right to file a motion for rehearing and this Final Order can be effective on the date the Master Order relating to the Final Order is signed.

IT IS THEREFORE ORDERED that the application of York to change the RRC operator of record for the Wells is **APPROVED** and York'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.

All pending motions and requests for relief not previously granted or granted herein are denied.

Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and by agreement of the Parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and this Final Order is effective on the date the Master Order relating to the Final Order is signed.**

Done this 19th day of September 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated September 19,
2017)

JNC/rnf