

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0303354

IN RE: TRANSFER OF RECORD OPERATOR FOR THE MAYFIELD “E” (224889) LEASE, WELL NO. 1, MAYFIELD RANCH (ELLENBERGER) FIELD, EDWARDS COUNTY, TEXAS, FROM INTERSTATE PETROLEUM, INC. TO INDIGO PETROLEUM, LLC

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 Interstate Petroleum, Inc. (Operator No. 425258), (“Interstate”), and Indigo Petroleum, LLC (Operator No. 423832), (“Indigo”).
2. Interstate is the operator of record for the Mayfield “E” (224889) Lease, Well No. 1, Mayfield Ranch (Ellenberger) Field, Edwards County, Texas.
3. On or about January 26, 2017, Indigo submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Mayfield “E” (224889) Lease, Well No. 1, Mayfield Ranch (Ellenberger) Field, Edwards County, Texas, from Interstate to Indigo, as operator of record.
4. On or about June 27, 2017, the Administrative Law Judge requested in writing that Interstate 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 July 12, 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. Interstate has a delinquent Form P-5 without financial assurance on file with the Commission.
6. Indigo has an active Form P-5 with sufficient financial assurance in the form of a \$25,000 cash deposit, which expires on November 30, 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 Mayfield “E” (224889) Lease, Well No. 1, Mayfield Ranch (Ellenberger) Field, Edwards County, Texas, has not reported production since March 2016.
9. The Mayfield “E” (224889) Lease, Well No. 1, Mayfield Ranch (Ellenberger) Field, Edwards County, Texas, reported zero production from March 2015 through February 2016.
10. Indigo presented a Partition Deed as its “good faith claim” to operate the subject property. The Partition Deed purports to grant Stanley B. Mayfield, President of Indigo Petroleum, LLC, an ownership interest in the surface and mineral estates of the subject property.
11. Interstate failed to reply to the Administrative Law Judge’s letter dated June 27, 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.
12. Interstate does not have a “good faith claim” to operate the referenced property.
13. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), Interstate and Indigo have waived the opportunity to request a hearing on the matter.
14. Indigo has demonstrated a “good faith claim” to a continuous right to operate the referenced property.
15. The Mayfield “E” (224889) Lease, Well No. 1, Mayfield Ranch (Ellenberger) Field, Edwards County, Texas, should be transferred to Indigo 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. Interstate does not have a “good faith claim” to continue to operate the subject lease and well.
5. Indigo has a “good faith claim” to operate the subject lease and well.

IT IS THEREFORE ORDERED that the application of Indigo Petroleum, LLC for transfer of the Form P-4 “Certificate of Compliance and Transportation Authority” for the Mayfield “E” (224889) Lease, Well No. 1, Mayfield Ranch (Ellenberger) Field, Edwards 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 September 19, 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(ORDER APPROVED AND SIGNATURES AFFIXED
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER
DATED SEPTEMBER 19, 2017)**