

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0306412

SINGLE SIGNATURE P-4 FILING OF GALILEE OIL INVESTMENTS LLC (OPERATOR NO. 293117) FOR THE SMITH -A- LEASE, WELL NOS. 1 AND 2, (LEASE NO. 07041), BEBE (AUSTIN CHALK) FIELD, GONZALES COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM LOW-END OIL LLC (OPERATOR NO. 510360) TO GALILEE OIL INVESTMENTS LLC

Final Order

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Low-End Oil LLC 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 25, 2017, Galilee Oil Investments LLC ("Galilee"), RRC Operator No. 293117, 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 Smith -A- Lease (Lease No. 07041), Well Nos. 1 and 2 ("the Wells"). The Form P-4 did not contain the signature of the current Commission operator of record for the Wells.
2. Low-End Oil LLC ("Low-End"), RRC Operator No. 510360, is the current Commission operator of record for the Wells.
3. In a letter dated August 29, 2017, a Commission Administrative Law Judge ("ALJ") requested in writing that Low-End 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 28, 2017. This writing expressly notified Low-End that failure to timely request a hearing would constitute waiver of the provided opportunity to request a hearing for this proceeding. The letter was sent via first-class mail to Low-End's address of record at the Commission as identified in Low-End's most recent filing of Commission Form P-5 *Organization Report* ("Form P-5").
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. Low-End 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 29, 2017 letter and failed to request a hearing.
6. At least ten days' notice of an opportunity for hearing was given to Galilee and Low-End.
7. Low-End became the RRC operator of record for the Wells in December 2015. There has been no reported production for the Wells since December 2014.
8. Low-End is delinquent in filing the annual Form P-5.
9. To demonstrate its good faith claim to operate the Wells, Galilee submitted a notarized Memorandum of Oil, Gas and Mineral Lease dated July 12, 2016 and filed in Gonzales County, giving it the right to operate the Wells.
10. Galilee has a current Form P-5 with a \$50,000 cash deposit as its financial assurance. Galilee is currently the record operator of 7 wells. Galilee has sufficient financial assurance to operate the Wells. Galilee's status at the Commission is active. See 16 TEX. ADMIN. CODE § 3.78(d), (g).
11. Low-End does not have a good faith claim to operate the Wells.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Low-End was provided an opportunity to request a hearing and failed to do so.
13. Galilee has demonstrated a good faith claim to a continuing right to operate the Wells.
14. The Wells should be transferred to Galilee as operator of record.

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 §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. See, e.g., TEX. NAT. RES. CODE § 81.051.
3. Low-End 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. Galilee does have a good faith claim to operate the Wells.

Ordering Provisions

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

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) and 16 TEX. ADMIN. CODE § 1.149(c), 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 Commission order is signed.

Done this 7th day of November 2017 in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated November 7, 2017)

JNC/rnf