

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 03-0306812**

**SINGLE SIGNATURE P-4 FILING OF GSI OIL & GAS, INC. (OPERATOR NO. 337075) FOR THE FRANKIE J LEASE (LEASE NO. 26384), WELL NO. 1H, GIDDINGS (BUDA) FIELD, BRAZOS COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM 7711 OPERATING COMPANY, LLC (OPERATOR NO. 953860) TO GSI OIL & GAS, INC.**

**Final Order**

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, 7711 Operating Company, 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 September 14, 2017, GSI Oil & Gas, Inc. (“GSI”), RRC Operator No. 337075, 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 Frankie J Lease (Lease No. 26384), Well No. 1H (“Well”). The Form P-4 did not contain the signature of the current Commission operator of record for the Well.
2. 7711 Operating Company, LLC (“7711”), RRC Operator No. 953860, is the current Commission operator of record for the Well.
3. In a letter dated September 15, 2017, a Commission Administrative Law Judge (“ALJ”) requested in writing that 7711 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 October 16, 2017. This writing expressly notified 7711 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 7711’s address of record at the Commission as identified in 7711’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. 7711 failed to provide evidence that it holds a good faith claim to a continuing right to operate the Well, failed to respond to the ALJ's September 15, 2017 letter and failed to request a hearing.
6. At least ten days' notice of an opportunity for hearing was given to GSI and 7711.
7. 7711 became the RRC operator of record for the Well in May 2013. There has been no reported production for the Well since January 2016.
8. 7711 is delinquent in filing the annual Form P-5.
9. To demonstrate its good faith claim to operate the Well, GSI submitted notarized memorandums of contractual leases filed in Brazos County giving it the right to operate the Well.
10. GSI has a current Form P-5 with a \$50,000 letter of credit as its financial assurance. GSI is currently the record operator of 13 wells. GSI has sufficient financial assurance to operate the Well. GSI's status at the Commission is active. See 16 TEX. ADMIN. CODE § 3.78(d), (g).
11. 7711 does not have a good faith claim to operate the Well.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), 7711 was provided an opportunity to request a hearing and failed to do so.
13. GSI has demonstrated a good faith claim to a continuing right to operate the Well.
14. The Well should be transferred to GSI 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. 7711 does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Well. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. GSI does have a good faith claim to operate the Well.

### Ordering Provisions

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

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 7<sup>th</sup> 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