

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 08-0305888

IN RE: GOOD FAITH CLAIM REVIEW AND P-4 TRANSFER OF RECORD OPERATOR FOR THE DAVID FASKEN -B1- LEASE, WELL NO. 1 (LEASE NO. 26617), FASKEN, EAST (WOLF) FIELD, ANDREWS COUNTY, TEXAS FROM PRONGHORN MANAGEMENT CORPORATION (OPERATOR NO. 681368) TO FASKEN OIL AND RANCH, LTD. (OPERATOR NO. 263696)

Final Order

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Pronghorn Management Corporation declined the opportunity for hearing such that this case can proceed as a default. This proceeding having duly been 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 July 18, 2017, Fasken Oil and Ranch, Ltd. ("Fasken"), RRC Operator No. 263696, filed Form P-4 *Certificate of Compliance and Transportation Authority* ("Form P-4") requesting that it be designated the Commission operator of record for the David Fasken -B1- Lease, RRC Lease No. 263696, Well No. 1 ("Well"). The Form P-4 contains the signature of Fasken as well as the signature of the current Commission operator of record for the Well.
2. Pronghorn Management Corporation ("Pronghorn"), RRC Operator No. 681368, is the current RRC operator of record for the Well.
3. There is an RRC hold preventing a transfer of the Well without a good faith claim review of the proposed operator.
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. In a letter dated September 8, 2017, a Commission Administrative Law Judge ("ALJ") requested in writing that pronghorn 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 9, 2017. This writing expressly notified Pronghorn 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 Pronghorn's address of record at the Commission as identified in Pronghorn's most recent filing of Commission Form P-5 *Organization Report* ("Form P-5").

6. Pronghorn 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 8, 2017 letter and failed to request a hearing.
7. At least ten days' notice of an opportunity for hearing was given to Pronghorn.
8. To demonstrate its good faith claim to operate the Well, Fasken submitted a deed and other documentation demonstrating it has a continuing right to operate the Well.
9. Fasken has a current annual Form P-5 with a \$250,000 line of credit as its financial assurance. Fasken is currently the record operator of 1,321 wells. Fasken has sufficient financial assurance to operate the Well. Fasken's status at the Commission is active. See 16 TEX. ADMIN. CODE § 3.78(d) and (g).
10. Fasken has demonstrated a good faith claim to a continuing right to operate the Well.
11. The Well should be transferred to Fasken as operator of record.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Pronghorn was provided an opportunity to request a hearing and failed to do so. Pronghorn declined to participate or otherwise be a party in this case.
13. Fasken agreed in writing that the Final Order in this case is to be effective when the Master Order is signed.

Conclusions of Law

1. Proper notice of opportunity for 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. Fasken has a good faith claim to operate the Well.
4. 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.**

Ordering Provisions

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

It is **ORDERED** that the RRC good faith review hold on the Well be canceled to allow transfer of the Well to Fasken.

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 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