

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 06-0307140**

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**SINGLE SIGNATURE P-4 FILING OF CINRON ENERGY, LLC (OPERATOR NO. 153512) FOR THE ASHBY, K.H. (12691), LEASE, WELL NO 1, CHARLES H. DAVIS (PETTIT CRANE) FIELD, RUSK COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM GRAYSTONE ENERGY CORPORATION (OPERATOR NO. 328347) TO CINRON ENERGY, LLC**

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**FINAL ORDER**

The Commission finds that after notice and opportunity for hearing, the 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.

**FINDING OF FACT**

1. At least twenty days' notice was given to Graystone Energy Corporation (Operator No. 328347), ("Graystone Energy"), and Cinron Energy, LLC (Operator No. 153512), ("Cinron Energy").
2. Graystone Energy is the operator of record for the Ashby, K.H. (12691), Lease, Well No 1, Charles H. Davis (Pettit Crane) Field, Rusk County, Texas.
3. On or about October 9, 2017, Cinron Energy submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Ashby, K.H. (12691), Lease, Well No 1, Charles H. Davis (Pettit Crane) Field, Rusk County, Texas, from Graystone Energy to Cinron Energy, as operator of record.
4. All Commission correspondence to Graystone Energy was sent via United States Postal Service 1st class mail to Graystone Energy's address of record, as set forth on Graystone Energy's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Cinron Energy was sent via United States Postal Service 1st class mail to Cinron Energy's address of record, as set forth on Cinron Energy's most recent Form P-5 *Organization Report*.

6. On or about October 16, 2017, the Administrative Law Judge requested in writing that Graystone Energy 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 on or before November 17, 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.
7. Graystone Energy's Form P-5 is delinquent. Graystone Energy had a \$50,000.00 bond as its financial assurance at the time of the last Form P-5 annual renewal submission.
8. Cinron Energy's Form P-5 is active. Cinron Energy has a \$50,000.00 letter of credit as its financial assurance.
9. 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."
10. No production has been reported on the subject lease since July 2015.
11. Graystone Energy failed to reply to the Administrative Law Judge's letter dated October 16, 2017, with any documents that it holds a "good faith claim" to a continuing right to operate the subject lease and failed to timely request a hearing.
12. Graystone Energy does not have a "good faith claim" to operate the subject lease.
13. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Graystone Energy and Cinron Energy have waived the opportunity to request a hearing on the matter.
14. Cinron Energy now asserts a "good faith claim" to a continuous right to operate the subject lease. To support its assertion of a "good faith claim" Cinron Energy submitted a notarized Oil, Gas and Mineral Lease, dated September 21, 2017, filed in Rusk County September 26, 2017.
15. The Ashby, K.H. (12691), Lease, Well No 1, Charles H. Davis (Pettit Crane) Field, Rusk County, Texas, should be transferred to Cinron Energy 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 has occurred.
3. Resolution of this docket is a matter committed to the jurisdiction of the Commission. TEX. GOV'T CODE §§ 81.051.
4. Graystone Energy does not have a "good faith claim" to continue to operate the Ashby, K.H. (12691), Lease, Well No 1, Charles H. Davis (Pettit Crane) Field, Rusk County, Texas.

5. Cinron Energy does have a "good faith claim" to continue to operate the Ashby, K.H. (12691), Lease, Well No 1, Charles H. Davis (Pettit Crane) Field, Rusk County, Texas.

**IT IS THEREFORE ORDERED** that the application of Cinron Energy, LLC for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" 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 100 days from the date Commission Order is signed.

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

Done this 23rd day of January 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved  
and signatures affixed by Hearings Division  
Unprotested Master Order dated January 23, 2018)**