

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 06-0307577

SINGLE SIGNATURE P-4 FILING OF ROOSTER PRODUCTION, LLC (OPERATOR NO. 727087) FOR THE HART, A. S. (00904), LEASE, WELL NOS. 1 AND 7, MARION COUNTY (SHALLOW) FIELD, MARION COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM KIDS FUTURE, L.L.C. (OPERATOR NO. 459167) TO ROOSTER PRODUCTION, LLC

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 Kids Future, L.L.C. (Operator No. 459167), ("Kids Future"), and Rooster Production, LLC (Operator No. 727087), ("Rooster Production").
2. Kids Future is the operator of record for the Hart, A. S. (00904), Lease, Well Nos. 1 and 7, Marion County (Shallow) Field, Marion County, Texas.
3. On or about October 27, 2017, Rooster Production, LLC (Operator No. 727087), ("Rooster Production") submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Hart, A. S. (00904), Lease, Well Nos 1 and 7, Marion County (Shallow) Field, Marion County, Texas, from Kids Future to Rooster Production, as operator of record.
4. All Commission correspondence to Kids Future was sent via United States Postal Service 1st class mail to Kids Future's address of record, as set forth on Kids Future's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Rooster Production was sent via United States Postal Service 1st class mail to Rooster Production's address of record, as set forth on Rooster Production's most recent Form P-5 *Organization Report*.

6. On or about October 31, 2017, the Administrative Law Judge requested in writing that Kids Future 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 30, 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. Kids Future's Form P-5 is delinquent. Kids Future had a \$25,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.
8. Rooster Production's Form P-5 is active. Rooster Production has a \$4,670.00 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 February 2014.
11. Kids Future failed to reply to the Administrative Law Judge's letter dated October 31, 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. Kids Future 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), Kids Future and Rooster Production have waived the opportunity to request a hearing on the matter.
14. Rooster Production now asserts a "good faith claim" to a continuous right to operate the subject lease. As evidence of a "good faith claim", Rooster Production filed a notarized Memorandum of Oil, Gas and Mineral Lease to Madole Land Services, LLC, ("Madole") dated April 17, 2017, filed in Marion County, June 7, 2017 and an Assignment of Oil and Gas Lease dated July 24, 2017 from Madole to Rooster Production.
15. The Hart, A. S. (00904), Lease, Well Nos 1 and 7, Marion County (Shallow) Field, Marion County, Texas, should be transferred to Rooster Production 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. Kids Future does not have a "good faith claim" to continue to operate the Hart, A. S. (00904), Lease, Well Nos 1 and 7, Marion County (Shallow) Field, Marion County, Texas.
5. Rooster Production does have a "good faith claim" to continue to operate the Hart, A. S. (00904), Lease, Well Nos 1 and 7, Marion County (Shallow) Field, Marion County, Texas.

IT IS THEREFORE ORDERED that the application of Rooster Production, 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)**