

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 02-0308133**

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**SINGLE SIGNATURE P-4 FILING OF EOG RESOURCES, INC. (OPERATOR NO. 253162) FOR THE STATE TRACT 721-S, WELL NO. 1 (RRC GAS ID NO. 121577), SHERMAN OFFSHORE (2900 A) FIELD, MATAGORDA IS-SB COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM GULF ENERGY EXPLORATION CORP. (OPERATOR NO. 338104) TO EOG RESOURCES, INC.**

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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 Gulf Energy Exploration Corp. (Operator No. 338104), ("Gulf Energy"), and EOG Resources, Inc. (Operator No. 253162), ("EOG").
2. Gulf Energy is the operator of record for the State Tract 721-S (RRC Gas ID No. 121577), Well No. 1, Sherman Offshore (2900 A) Field, Matagorda IS-SB County, Texas.
3. On or about November 29, 2017, EOG submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the State Tract 721-S, Well No. 1 (RRC Gas ID No. 121577), Sherman Offshore (2900 A) Field, Matagorda IS-SB County, Texas, from Gulf Energy to EOG, as operator of record.
4. All Commission correspondence to Gulf Energy was sent via United States Postal Service first-class mail to Gulf Energy's address of record, as set forth on Gulf Energy's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to EOG was sent via United States Postal Service first-class mail to EOG's address of record, as set forth on EOG's most recent Form P-5 *Organization Report*.
6. On or about December 11, 2017, the Administrative Law Judge requested in writing that Gulf 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 January 12, 2018. 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. Gulf Energy's Form P-5 is delinquent. Gulf Energy had a \$125,000.00 cash deposit as its financial assurance at the time of the last Form P-5 annual renewal submission.
  8. EOG's Form P-5 is active. EOG has a \$250,000.00 bond 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 March 2014.
  11. Gulf Energy failed to reply to the Administrative Law Judge's letter dated December 11, 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. Gulf 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), Gulf Energy and EOG have waived the opportunity to request a hearing on the matter.
  14. EOG now asserts a "good faith claim" to a continuous right to operate the subject lease.
  15. The State Tract 721-S (RRC Gas ID No. 121577), Well No. 1, Sherman Offshore (2900 A) Field, Matagorda IS-SB County, Texas, should be transferred to EOG 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. Gulf Energy does not have a "good faith claim" to continue to operate the State Tract 721-S (Gas ID No. 121577), Well No. 1, Sherman Offshore (2900 A) Field, Matagorda IS-SB County, Texas.
5. EOG does have a "good faith claim" to continue to operate the State Tract 721-S (Gas ID No. 121577), Well No. 1, Sherman Offshore (2900 A) Field, Matagorda IS-SB County, Texas.

**IT IS THEREFORE ORDERED** that the application of EOG Resources, Inc. 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 13th day of February 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved  
and signatures affixed by Hearings Division  
Unprotested Master Order dated February 13, 2018)**