

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7B-0308640

SINGLE SIGNATURE P-4 FILING OF RINGO RIG LLC (OPERATOR NO. 712386) FOR THE HORNE (25621) LEASE, WELL NO. 1, COLEMAN COUNTY REGULAR FIELD, COLEMAN COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM STONEGATE OPERATORS, INC. (OPERATOR NO. 823814) TO RINGO RIG 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 Stonegate Operators, Inc. (Operator No. 823814), ("Stonegate"), and Ringo Rig LLC (Operator No. 712386), ("Ringo").
2. Stonegate is the operator of record for the Horne (25621) Lease, Well No. 1, Coleman County Regular Field, Coleman County, Texas.
3. On or about December 18, 2017, Ringo submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Horne (25621) Lease, Well No. 1, Coleman County Regular Field, Coleman County, Texas, from Stonegate to Ringo, as operator of record.
4. All Commission correspondence to Stonegate was sent via United States Postal Service first-class mail to Stonegate's address of record, as set forth on Stonegate's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Ringo was sent via United States Postal Service first-class mail to Ringo's address of record, as set forth on Ringo's most recent Form P-5 *Organization Report*.
6. On or about January 11, 2018, the Administrative Law Judge requested in writing that Stonegate 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 February 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. Stonegate's Form P-5 is delinquent. Stonegate had a \$50,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.

8. Ringo's Form P-5 is active. Ringo 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 May 1997.
11. Stonegate failed to reply to the Administrative Law Judge's letter dated January 11, 2018, 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. Stonegate 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), Stonegate and Ringo have waived the opportunity to request a hearing on the matter.
14. Ringo now asserts a "good faith claim" to a continuous right to operate the subject lease.
15. The Horne (25621) Lease, Well No. 1, Coleman County Regular Field, Coleman County, Texas, should be transferred to Ringo 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. Stonegate does not have a "good faith claim" to continue to operate the Horne (25621) Lease, Well No. 1, Coleman County Regular Field, Coleman County, Texas.
5. Ringo does have a "good faith claim" to continue to operate the Horne (25621) Lease, Well No. 1, Coleman County Regular Field, Coleman County, Texas.

IT IS THEREFORE ORDERED that the application of Ringo Rig 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 27th day of February 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated February 27, 2018)**