

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7B-0306479

IN RE: TRANSFER OF RECORD OPERATOR FOR THE BRADFORD "A" (30449) LEASE, WELL NOS. 1A, 2A, 4A, 5A, 6A, AND 7A, SHACKELFORD COUNTY REGULAR FIELD, SHACKELFORD COUNTY, TEXAS, FROM CEGX OF TEXAS LLC TO BLUFF CREEK PETROLEUM, LLC

FINAL ORDER

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

FINDINGS OF FACT

1. At least ten days' notice was given to CEGX of Texas LLC (Operator No. 140712), ("CEGX"), and Bluff Creek Petroleum, LLC (Operator No. 076859), ("Bluff").
2. CEGX is the operator of record for the Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas.
3. On or about August 9, 2017, Bluff submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas, from CEGX to Bluff, as operator of record.
4. All Commission correspondence to CEGX was sent via United States Postal Service 1st class mail to CEGX's address of record, as set forth on CEGX's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Bluff was sent via United States Postal Service 1st class mail to Bluff's address of record, as set forth on Bluff's most recent Form P-5 *Organization Report*.
6. On or about August 30, 2017, the Administrative Law Judge requested in writing that CEGX 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 September 29, 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. On October 20, 2017, CEGX filed with the Commission a request for a hearing on the merits.
8. A hearing on the merits was conducted December 11, 2017.
9. CEGX failed to appear at the hearing on the merits.
10. Bluff appeared at the hearing on the merits and provided evidence and testimony demonstrating a good faith claim to operate the Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas.
11. CEGX has an active Form P-5, with adequate financial assurance on file with the Commission.
12. Bluff has an active Form P-5 with sufficient financial assurance in the form of a \$50,000 letter of credit, which expires on October 31, 2018, to acquire the lease and wells in dispute.
13. 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."
14. The Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas, has not reported production since July 2017.
15. Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas, reported zero production from November 2016 through June 2017.
16. Bluff presented an oil and gas lease dated August 1, 2017, purporting to cover the subject property, for a primary term of one year, as a "good faith claim" to operate the Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas.
17. CEGX does not have a "good faith claim" to operate the referenced property.
18. Bluff has a "good faith claim" to a continuous right to operate the referenced property.
19. The Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas, should be transferred to Bluff 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 have occurred.
3. Resolution of this docket is a matter committed to the jurisdiction of the Commission. TEX. GOV'T CODE §§ 81.051.
4. CEGX does not have a "good faith claim" to continue to operate the Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas.
5. Bluff has a "good faith claim" to operate the Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas.

IT IS THEREFORE ORDERED that the application of Bluff Creek Petroleum, LLC for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" for the Bradford "A" (30449) Lease, Well Nos. 1A, 2A, 4A, 5A, 6A, and 7A, Shackelford County Regular Field, Shackelford County, Texas, 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 90 days from the date Commission Order is signed.

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

Done this February 13, 2018, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(ORDER APPROVED AND SIGNATURES AFFIXED
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER
DATED FEBRUARY 13, 2018)**