

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NOS. 03-0308358 & 03-0308360

IN RE: SINGLE SIGNATURE P-4 FILING OF GAITHER PETROLEUM CORPORATION (OPERATOR NO. 292850) FOR THE GAILLARD FEE, TR. 1 (05569) LEASE, WELL NOS. 24, 32, 33, 35, 38, 39, 40, 42, 43, AND 44, GOOSE CREEK FIELD, HARRIS COUNTY, TEXAS; AND THE GAILLARD FEE, TR. 2 (05570) LEASE, WELL NOS. 28, AND 41, GOOSE CREEK FIELD, HARRIS COUNTY, SEEKING TO RECORD OPERATOR FROM SIEMPRE ENERGY OPERATING, LLC (OPERATOR NO. 780191) TO GAITHER PETROLEUM CORPORATION

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the operator of the captioned leases 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 Siempre Operating, LLC (Operator No. 780191), ("Siempre"), and Gaither Petroleum Corporation (Operator No. 292850), ("Gaither").
2. Siempre is the operator of record for the Gaillard Fee, Tr. 1 (05569) Lease, Well Nos. 24, 32, 33, 35, 38, 39, 40, 42, 43, and 44, Goose Creek Field, Harris County, Texas.
3. Siempre is the operator of record for the Gaillard Fee, Tr. 2 (05570) Lease, Well Nos. 28, and 41, Goose Creek Field, Harris County.
4. On or about December 18, 2017, Gaither submitted to the Commission Forms P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Gaillard Fee, Tr. 1 (05569) Lease, Well Nos. 24, 32, 33, 35, 38, 39, 40, 42, 43, and 44, Goose Creek Field, Harris County, Texas; and of the Gaillard Fee, Tr. 2 (05570) Lease, Well Nos. 28, and 41, Goose Creek Field, Harris County, from Siempre Energy Operating, LLC to Gaither Petroleum Corporation, as operator of record.
5. All Commission correspondence to Siempre was sent via United States Postal Service 1st class mail to Siempre's address of record, as set forth on Siempre's most recent Form P-5 *Organization Report*.

6. All Commission correspondence to Gaither was sent via United States Postal Service 1st class mail to Gaither's address of record, as set forth on Gaither's most recent Form P-5 *Organization Report*.
7. On or about January 3, 2018, the Administrative Law Judge requested in writing that Siempre either: (1) provide evidence that it holds a good faith claim to a continuing right to operate the referenced properties; or (2) request a hearing on the matter on or before February 1, 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.
8. Siempre failed to reply to the Administrative Law Judge's letter dated January 3, 2018, with any documents that it holds a "good faith claim" to a continuing right to operate the referenced property and failed to timely request a hearing.
9. Siempre has a delinquent Form P-5.
10. Gaither has an active Form P-5 with sufficient financial assurance in the form of a \$250,000 bond, which expires on March 31, 2019, to acquire the leases and wells in dispute.
11. 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."
12. The Gaillard Fee, Tr. 1 (05569) Lease, Well Nos. 24, 32, 33, 35, 38, 39, 40, 42, 43, and 44, Goose Creek Field, Harris County, Texas, reported zero production from March 2017 to September 2017, with no reports filed thereafter.
13. The Gaillard Fee, Tr. 2 (05570) Lease, Well Nos. 28, and 41, Goose Creek Field, Harris County, Texas, reported zero production from March 2017 to September 2017, with no reports filed thereafter.
14. Gaither presented an assignment and bill of sale dated December 30, 1999, purporting to cover the subject property, as a "good faith claim" to operate the Gaillard Fee, Tr. 1 (05569) Lease, Well Nos. 24, 32, 33, 35, 38, 39, 40, 42, 43, and 44, Goose Creek Field, Harris County, Texas; and the Gaillard Fee, Tr. 2 (05570) Lease, Well Nos. 28, and 41, Goose Creek Field, Harris County, Texas.
15. Siempre does not have a "good faith claim" to operate the referenced properties.
16. Gaither has a "good faith claim" to a continuous right to operate the referenced properties.

17. The Gaillard Fee, Tr. 1 (05569) Lease, Well Nos. 24, 32, 33, 35, 38, 39, 40, 42, 43, and 44, Goose Creek Field, Harris County, Texas, should be transferred to Gaither as operator of record.
18. The Gaillard Fee, Tr. 2 (05570) Lease, Well Nos. 28, and 41, Goose Creek Field, Harris County, Texas, should be transferred to Gaither 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 these dockets is a matter committed to the jurisdiction of the Commission. TEX. GOV'T CODE §§ 81.051.
4. Siempre does not have a "good faith claim" to continue to operate the Gaillard Fee, Tr. 1 (05569) Lease, Well Nos. 24, 32, 33, 35, 38, 39, 40, 42, 43, and 44, Goose Creek Field, Harris County, Texas; and the Gaillard Fee, Tr. 2 (05570) Lease, Well Nos. 28, and 41, Goose Creek Field, Harris County, Texas.
5. Gaither has a "good faith claim" to operate the Gaillard Fee, Tr. 1 (05569) Lease, Well Nos. 24, 32, 33, 35, 38, 39, 40, 42, 43, and 44, Goose Creek Field, Harris County, Texas; and the Gaillard Fee, Tr. 2 (05570) Lease, Well Nos. 28, and 41, Goose Creek Field, Harris County, Texas.

IT IS THEREFORE ORDERED that the application of Gaither Petroleum Corporation for transfer of the Forms P-4 "Certificate of Compliance and Transportation Authority" for the Gaillard Fee, Tr. 1 (05569) Lease, Well Nos. 24, 32, 33, 35, 38, 39, 40, 42, 43, and 44, Goose Creek Field, Harris County, Texas; and the Gaillard Fee, Tr. 2 (05570) Lease, Well Nos. 28, and 41, Goose Creek Field, Harris County, Texas, are 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 granted or granted herein are denied.

Done this March 20, 2018, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(ORDER APPROVED AND SIGNATURES AFFIXED
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER
DATED MARCH 20, 2018)**