

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 03-0309259

SINGLE SIGNATURE P-4 FILING OF AMERICAN PATRIOT OPERATING CORP. (OPERATOR NO. 018883) FOR THE BUSCH, H. ETAL -A- (01754) LEASE, WELL NO. 3, GOOSE CREEK FIELD, HARRIS COUNTY, TEXAS, TO CHANGE THE OPERATOR OF RECORD FROM OTEX RESOURCES LLC (OPERATOR NO. 628135) TO AMERICAN PATRIOT OPERATING CORP.

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, OTeX Resources LLC failed to request a hearing and did not otherwise respond such that this docketed case can proceed as a default. This proceeding having been duly submitted to the Commission at a conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

Findings of Fact

1. American Patriot Operating Corp. ("American Patriot"), RRC Operator No. 018883, filed a single-signature Form P-4 *Certificate of Compliance and Transportation Authority* ("Form P-4") requesting that it be designated the Commission operator of record for the Busch, H. etal -A- Lease, Lease No. 01754, Well No. 3 ("Well"). The Form P-4 did not contain the signature of the current Commission operator of record for the Well.
2. OTeX Resources LLC ("OTeX"), RRC Operator No. 628135, is the current Commission operator of record for the Well.
3. In a letter dated February 9, 2018, a Commission Administrative Law Judge ("ALJ") requested in writing that OTeX 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 March 12, 2018. This letter expressly notified OTeX that failure to timely request a hearing would constitute waiver of the provided opportunity to request a hearing for this proceeding. The letter was sent via first-class mail to OTeX's address of record at the Commission as identified in OTeX's most recent filing of Commission Form P-5 *Organization Report* ("Form P-5").
4. 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.” 16 TEX. ADMIN. CODE § 3.15(a)(5).
5. OTeX failed to provide evidence that it holds a good faith claim to a continuing right to operate the Well, failed to respond to the ALJ’s February 9, 2018 letter and failed to request a hearing.
 6. At least ten days’ notice of an opportunity for hearing was given to American Patriot and OTeX.
 7. OTeX is delinquent in filing the annual Form P-5.
 8. To demonstrate its good faith claim to operate the Well, American Patriot submitted a filed and notarized deed transferring contractual leases for the property where the Well is located from OTeX to American Patriot and giving American Patriot the right to operate the Well.
 9. American Patriot has a current annual Form P-5 with a \$50,000 bond as its financial assurance. American Patriot currently operates zero wells. American Patriot’s status at the Commission is active.
 10. OTeX does not have a good faith claim to operate the Well.
 11. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), OTeX was provided an opportunity to request a hearing and failed to do so.
 12. American Patriot has demonstrated a good faith claim to a continuing right to operate the Well.
 13. The Well should be transferred to American Patriot as operator of record.
 14. American Patriot agreed in writing that the date this Final Order will become final will be the date the Master Order related to this Final Order is signed.

Conclusions of Law

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice. *See, e.g.*, TEX. GOV’T CODE § 2001.051; 16 TEX. ADMIN. CODE §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.*, TEX. NAT. RES. CODE § 81.051.
3. OTeX does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Well. 16 TEX. ADMIN. CODE § 3.15(a)(5).

4. American Patriot does have a good faith claim to operate the Well.
5. Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing, **the parties have waived the right to file a motion for rehearing and this Final Order can become final on the date the Master Order relating to the Final Order is signed.**

Ordering Provisions

IT IS THEREFORE ORDERED that the application of American Patriot to change the RRC operator of record for the Well is **APPROVED** and American Patriot's submitted Form P-4 *Certificate of Compliance and Transportation Authority* reflecting itself as the current operator for the Well is hereby **APPROVED** subject to the provisions of TEX. NAT. RES. CODE §§ 91.107, 91.114 and 91.142, and 16 TEX. ADMIN. CODE §§ 3.15, 3.78.

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

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and this Final Order is final on the date the Master Order relating to the Final Order is signed.**

Done this 24th day of April 2018, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated April 24, 2018)

JNC/mls