

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 05-0308641

SINGLE SIGNATURE P-4 FILING OF BONES OIL, LLC (OPERATOR NO. 082397) FOR THE MCKIE-ROXANA, W.J. (02396) LEASE, WELL NOS. 1, 3, AND 4, CORSICANA (SHALLOW) FIELD, NAVARRO COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM RWA, LLC (OPERATOR NO. 687608) TO BONES OIL, 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 RWA, LLC (Operator No. 687608), ("RWA"), and Bones Oil, LLC (Operator No. 082397), ("Bones Oil").
2. RWA is the operator of record for the McKie-Roxana, W.J. (02396) Lease, Well Nos. 1, 3, and 4, Corsicana (Shallow) Field, Navarro County, Texas.
3. On or about December 15, 2017, Bones Oil submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the McKie-Roxana, W.J. (02396) Lease, Well Nos. 1, 3, and 4, Corsicana (Shallow) Field, Navarro County, Texas, from RWA to Bones Oil, as operator of record.
4. All Commission correspondence to RWA was sent via United States Postal Service first-class mail to RWA's address of record, as set forth on RWA's most recent Form P-5 Organization Report.
5. All Commission correspondence to Bones Oil was sent via United States Postal Service first-class mail to Bones Oil's address of record, as set forth on Bones Oil's most recent Form P-5 *Organization Report*.
6. On or about January 18, 2018, the Administrative Law Judge requested in writing that RWA 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 19, 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. RWA's Form P-5 is active. RWA has a \$50,000.00 letter of credit as its financial assurance.

8. Bones Oil's Form P-5 is active. Bones Oil 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 June of 2017.
11. RWA replied to the Administrative Law Judge's letter dated January 18, 2018, with a request for a hearing.
12. Pursuant to such request, a hearing was set for May 24, 2018 at 1:30 PM.
13. A Notice of Hearing was sent on April 9, 2018.
14. On May 24, 2018, Bones Oil appeared at the hearing through its representative, Kyle Glicksman, who testified that Bones Oil has an active P-5, with a \$50,000 bond as financial assurance and has the right to file the single signature P-4.
15. RWA failed to appear at the hearing to prove up its good faith claim.
16. Therefore, RWA does not have a "good faith claim" to operate the subject lease.
17. Bones Oil now asserts a "good faith claim" to a continuous right to operate the subject lease.
18. The McKie-Roxana, W.J. (02396) Lease, Well Nos. 1, 3, and 4, Corsicana (Shallow) Field, Navarro County, Texas, should be transferred to Bones Oil 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. Because of its failure to appear, RWA does not have a "good faith claim" to continue to operate the McKie-Roxana, W.J. (02396) Lease, Well Nos. 1, 3, and 4, Corsicana (Shallow) Field, Navarro County, Texas.
5. Bones Oil does have a "good faith claim" to continue to operate the McKie-Roxana, W.J. (02396) Lease, Well Nos. 1, 3, and 4, Corsicana (Shallow) Field, Navarro County, Texas.

IT IS THEREFORE ORDERED that the application of Bones Oil, 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 §§ 91.1041, 91.1042, 91.107, 91.114, 91.142 and TEX. ADMIN. CODE § 3.15, 3.58, and 3.78. If after 90 days after the order becomes final, Bones Oil, LLC has not met the requirements of the listed provisions, this Order shall be **VOID** and the subject Form P-4 shall be marked as *Unable to Process* and archived.

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 19th day of June 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated June 19, 2018)**