

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 09-0310787

SINGLE SIGNATURE P-4 FILING OF WORSHAM-STEED GAS STORAGE, LLC (OPERATOR NO. 942345) FOR THE GRACE-KELSAY (GAS ID NO. 037130) LEASE, WELL NO. 1, WORSHAM-STEED FIELD, JACK COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM TEXAS UTILITIES FUEL CO. (OPERATOR NO. 848300) TO WORSHAM-STEED GAS STORAGE, 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 Texas Utilities Fuel Co. (Operator No. 848300), ("Texas Utilities"), and Worsham-Steed Gas Storage, LLC (Operator No. 942345), ("Worsham-Steed Gas Storage").
2. Texas Utilities is the operator of record for the Grace-Kelsay (Gas ID No. 037130) Lease, Well No. 1, Worsham-Steed Field, Jack County, Texas.
3. On or about April 10, 2018, Worsham-Steed Gas Storage submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Grace-Kelsay (GAS ID No. 037130) Lease, Well No. 1, Worsham-Steed Field, Jack County, Texas, from Texas Utilities to Worsham-Steed Gas Storage, as operator of record.
4. All Commission correspondence to Texas Utilities was sent via United States Postal Service first-class mail to Texas Utilities's address of record, as set forth on Texas Utilities's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Worsham-Steed Gas Storage was sent via United States Postal Service first-class mail to Worsham-Steed Gas Storage's address of record, as set forth on Worsham-Steed Gas Storage's most recent Form P-5 *Organization Report*.
6. On or about April 26, 2018, the Administrative Law Judge requested in writing that Texas Utilities 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 May 28, 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. Texas Utilities's Form P-5 is delinquent. Texas Utilities had a \$0,000.00 Fee as its financial assurance at the time of the last Form P-5 annual renewal submission.
 8. Worsham-Steed Gas Storage's Form P-5 is active. Worsham-Steed Gas Storage has a \$50,000.00 bond 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 February 2007.
 11. Texas Utilities failed to reply to the Administrative Law Judge's letter dated April 26, 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. Texas Utilities 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), Texas Utilities and Worsham-Steed Gas Storage have waived the opportunity to request a hearing on the matter.
 14. Worsham-Steed Gas Storage now asserts a "good faith claim" to a continuous right to operate the subject lease.
 15. The Grace-Kelsay (Gas ID No. 037130) Lease, Well No. 1, Worsham-Steed Field, Jack County, Texas, should be transferred to Worsham-Steed Gas Storage 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. Texas Utilities does not have a "good faith claim" to continue to operate the Grace-Kelsay (Gas ID No. 037130) Lease, Well No. 1, Worsham-Steed Field, Jack County, Texas.
5. Worsham-Steed Gas Storage does have a "good faith claim" to continue to operate the Grace-Kelsay (Gas ID No. 037130) Lease, Well No. 1, Worsham-Steed Field, Jack County, Texas.

IT IS THEREFORE ORDERED that the application of Worsham-Steed Gas Storage, 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, Worsham-Steed Gas Storage, 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)**