

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7C-0312033

SINGLE SIGNATURE P-4 FILING OF KIMSEY RESOURCES LLC (OPERATOR NO. 463257) FOR THE SHANNON ESTATE (GAS ID NO. 019063), LEASE, WELL NO. 1, NOELKE, NE. (QUEEN) FIELD, CROCKETT COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM KIMSEY, ROY E., JR. (OPERATOR NO. 463260) TO KIMSEY RESOURCES 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 Kimsey, Roy E., Jr. (Operator No. 463260), ("Roy Kimsey"), and Kimsey Resources (Operator No. 463257), ("Kimsey").
2. Roy Kimsey is the operator of record for the Shannon Estate (Gas ID No. 019063) Lease, Well No. 1, Noelke, NE. (Queen) Field, Crockett County, Texas.
3. On or about May 11, 2018, Kimsey Resources submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Shannon Estate (Gas ID No. 019063) Lease, Well No. 1, Noelke, NE. (Queen) Field, Crockett County, Texas, from Roy Kimsey to Kimsey Resources, as operator of record because Roy E. Kimsey, Jr. is deceased.
4. All Commission correspondence to Roy Kimsey was sent via United States Postal Service first-class mail to Roy Kimsey's address of record, as set forth on Roy Kimsey's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Kimsey Resources was sent via United States Postal Service first-class mail to Kimsey Resources' address of record, as set forth on Kimsey Resources' most recent Form P-5 *Organization Report*.
6. On or about June 15, 2018, the Administrative Law Judge requested in writing that Roy Kimsey 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 July 16, 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. Roy Kimsey's Form P-5 is delinquent. Roy Kimsey had a \$25,000.00 bond as its financial assurance at the time of the last Form P-5 annual renewal submission.
8. Kimsey Resources Form P-5 is delinquent. Kimsey Resources had a \$25,000.00 bond as its financial assurance at the time of the last Form P-5 annual renewal submission.
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. Roy Kimsey failed to reply to the Administrative Law Judge's letter dated June 15, 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.
11. Roy Kimsey does not have a "good faith claim" to operate the subject lease.
12. Kimsey Resources now asserts a "good faith claim" to a continuous right to operate the subject lease.
13. The Shannon Estate (Gas ID No. 019063) Lease, Well No. 1, Noelke, NE. (Queen) Field, Crockett County, Texas, should be transferred to Kimsey Resources 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. Roy E. Kimsey, Jr. does not have a "good faith claim" to continue to operate the Shannon Estate (Gas ID No. 019063) Lease, Well No. 1, Noelke, NE. (Queen) Field, Crockett County, Texas.
5. Kimsey Resources LLC does have a "good faith claim" to continue to operate the Shannon Estate (Gas ID No. 019063) Lease, Well No. 1, Noelke, NE. (Queen) Field, Crockett County, Texas.

IT IS THEREFORE ORDERED that the application of Kimsey Resources 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, Kimsey Resources 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 21st day of August 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated August 21, 2018)**