

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 03-0312697

SINGLE SIGNATURE P-4 FILING OF AMERICAN PATRIOT OPERATING CORP. (OPERATOR NO. 018883) FOR THE MAYES -A- (11073) LEASE, WELL NOS. 10 A, 12, 24, AND 39, LOST LAKE FIELD, CHAMBERS COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM OTEX RESOURCES LLC (OPERATOR NO. 628135) TO AMERICAN PATRIOT OPERATING CORP.

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 Otex Resources LLC (Operator No. 628135), ("OTEX"), and American Patriot Operating Corp. (Operator No. 018883), ("American Patriot").
2. OTEX is the operator of record for the Mayes -A- (11073) Lease, Well Nos. 10 A, 12, 24, and 39, Lost Lake Field, Chambers County, Texas.
3. On or about July 2, 2018, American Patriot submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* and a Commission Form P-6 *Request for Permission to Subdivide or Consolidate Oil Lease* requesting transfer of the Mayes -A- (11073) Lease, Well Nos. 10 A, 12, 24, and 39, Lost Lake Field, Chambers County, Texas, from OTEX to American Patriot, as operator of record.
4. All Commission correspondence to OTEX was sent via United States Postal Service first-class mail to OTEX's address of record, as set forth on OTEX's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to American Patriot was sent via United States Postal Service first-class mail to American Patriot's address of record, as set forth on American Patriot's most recent Form P-5 *Organization Report*.
6. On or about July 19, 2018, the Administrative Law Judge 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 August 20, 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. OTEX's Form P-5 is delinquent. OTEX had a \$50,000.00 bond as its financial assurance at the time of the last Form P-5 annual renewal submission.
 8. American Patriot's Form P-5 is active. American Patriot 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 January 2017.
 11. OTEX failed to reply to the Administrative Law Judge's letter dated July 19, 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. OTEX 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), OTEX and American Patriot have waived the opportunity to request a hearing on the matter.
 14. American Patriot now asserts a "good faith claim" to a continuous right to operate the subject lease.
 15. The Mayes -A- (11073) Lease, Well Nos. 10 A, 12, 24, and 39, Lost Lake Field, Chambers County, Texas, should be transferred to American Patriot 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. OTEX does not have a "good faith claim" to continue to operate the Mayes -A- (11073) Lease, Well Nos. 10 A, 12, 24, and 39, Lost Lake Field, Chambers County, Texas.
5. American Patriot does have a "good faith claim" to continue to operate the Mayes -A- (11073) Lease, Well Nos. 10 A, 12, 24, and 39, Lost Lake Field, Chambers County, Texas.

IT IS THEREFORE ORDERED that the application of American Patriot Operating Corp. 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, American Patriot Operating Corp. 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 16th day of October 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated October 16, 2018)**