

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 03-0313701**

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**IN RE: GOOD FAITH CLAIM REVIEW AND P-4 TRANSFER OF RECORD OPERATOR FOR THE KUBENA, EUGENE (12182) LEASE, WELL NO. 2, GIDDINGS (AUSTIN CHALK-3) FIELD, BURLESON COUNTY, TEXAS FROM WESTLANDS RESOURCES CORPORATION (OPERATOR NO. 913020) TO JULIL ENERGY, LLC (OPERATOR NO. 448121)**

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**FINAL ORDER**

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Westlands Resources Corporation did not request a hearing and this 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. On or about July 6, 2018, Julil Energy, LLC ("Julil"), Operator No. 448121, filed a Form P-4 *Certificate of Compliance and Transportation Authority* ("Form P-4") requesting that it be designated the Commission operator of record for the Kubena, Eugene (12182) Lease (the "Lease"). The Form P-4 contains the signature of Julil, as well as the signature of the current Commission operator of record for the Lease.
2. Westlands Resources Corporation ("Westlands"), Operator No. 448121, is the current Commission operator of record for the Lease. The Lease currently contains one inactive well.
3. There is an RRC hold preventing a transfer of the Lease without a good faith claim review of the proposed operator.
4. In a letter dated August 2, 2018, a Commission Administrative Law Judge ("ALJ") requested in writing the parties either: (1) request a hearing on the matter; or (2) submit evidence of and argument on or before September 4, 2018. This writing expressly notified the parties that failure to timely request a hearing would constitute waiver of the provided opportunity to request a hearing for this proceeding.

5. 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).
6. To demonstrate its good faith claim to operate the Lease, Julil provided a copy of a partial assignment in and to oil and gas leases covering the Lease.
7. Julil has an active Commission Organization Report (Form P-5) with a \$50,000 bond as its financial assurance. Julil is currently the record operator of 15 wells, not counting the well on the Lease.
8. At least twenty days' notice of an opportunity for hearing was given to Westlands and Julil.
9. Pursuant to Tex. Gov't Code §§ 2001.056 and 2001.062(e), Westlands was provided an opportunity to request a hearing and failed to do so.
10. Julil has demonstrated a good faith claim to a continuing right to operate the Lease.
11. The Lease should be transferred to Julil 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. Julil does have a "good faith claim" to continue to operate the Kubena, Eugene (12182) Lease, Well No. 2, Giddings (Austin Chalk-3) Field, Burleson County, Texas.
5. The good faith claim hold currently placed on the Lease should be removed.

**IT IS THEREFORE ORDERED** that the application of Julil Energy, 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, Julil Energy, 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 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)**