

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 04-0316545

SINGLE SIGNATURE P-4 FILING OF SAWMILL RESOURCES, LLC (OPERATOR NO. 749151) FOR THE MANN, W.C. (12483) LEASE, WELL NO. 1, EDR (COLE) FIELD, DUVAL COUNTY, TEXAS, TO CHANGE THE OPERATOR OF RECORD FROM DUVAL MAPLE LEAF I, INC. (OPERATOR NO. 236590) TO SAWMILL RESOURCES, LLC

FINAL ORDER

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Duval Maple Leaf I, Inc. failed to request a hearing and did not otherwise respond such that 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 November 27, 2018, Sawmill Resources, LLC (“Sawmill”), RRC Operator No. 749151, filed a single-signature Form P-4 *Certificate of Compliance and Transportation Authority* (“Form P-4”) requesting that it be designated the Commission operator of record for the Mann, W.C. Lease, Lease No. 12483, Well No. 1 (“Well”). The Form P-4 did not contain the signature of the current Commission operator of record for the Well.
2. Duval Maple Leaf I, Inc. (“Duval”), RRC Operator No. 236590, is the current Commission operator of record for the Well.
3. In a letter dated December 6, 2018, a Commission Administrative Law Judge (“ALJ”) requested in writing that Duval 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 January 7, 2019. This letter expressly notified Duval that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing for this proceeding. The letter was sent via first-class mail to Duval’s address of record at the Commission as identified in Duval’s most recent filing of Form P-5 *Organization Report* (“Form P-5”).
4. 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).
5. Duval failed to provide evidence that it holds a good faith claim to a continuing right to operate the Well, failed to respond to the ALJ’s December 6, 2018 letter and failed to request a hearing.
 6. At least ten days’ notice of an opportunity for hearing was given to Sawmill and Duval.
 7. To demonstrate its good faith claim to operate the Well, Sawmill presented documentation including an oil and gas lease giving Sawmill the right to operate and produce the minerals from the tract where the Well is located.
 8. Sawmill has a current Form P-5 with a \$50,000 cash deposit as its financial assurance. Sawmill is currently the record operator of 28 wells. Sawmill’s status at the Commission is active.
 9. Duval does not have a good faith claim to operate the Well.
 10. Pursuant to Tex. Gov’t Code §§ 2001.056 and 2001.062(e), Duval was provided an opportunity to request a hearing and failed to do so.
 11. Sawmill has demonstrated a good faith claim to a continuing right to operate the Well.
 12. The Well should be transferred to Sawmill as operator of record.

Conclusions of Law

1. Proper notice of hearing was timely issued to persons entitled to notice. *See, e.g.*, Tex. Gov’t Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.*, Tex. Nat. Res. Code § 81.051.
3. Duval does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Well. 16 Tex. Admin. Code § 3.15(a)(5).
4. Sawmill does have a good faith claim to operate the Well.

Ordering Provisions

IT IS THEREFORE ORDERED that the application of Sawmill to change the RRC operator of record for the Well is **APPROVED** and Sawmill’s submitted Form P-4 *Certificate of Compliance and Transportation Authority* reflecting itself as the current

operator for the Well is **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, Sawmill has not met the requirements of the listed provisions, this Final Order shall be **VOID** and the subject Form P-4 shall be marked as *Unable to Process* and archived.

All pending motions and requests for relief not previously granted or granted herein are denied.

It is **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) and 16 Tex. Admin. Code § 1.128(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 the Commission Order is signed.

Done this 5th day of February 2019, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotsted Master Order dated February 5,
2019)

JNC/mls