

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 06-0315463**

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**SINGLE SIGNATURE P-4 FILING OF SHAPPELL OIL COMPANY, L.L.C. (OPERATOR NO. 770275) FOR THE TAYLOR, W. B., -H- (02854) LEASE, WELL NOS. 15, 20, 25, 27, 31, 52, 57, AND A301, LONGWOOD (GOODLAND LIME) FIELD, HARRISON COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM GREAT NORTHERN ENERGY, INC (OPERATOR NO. 328627) TO SHAPPELL OIL COMPANY, L.L.C.**

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**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 Great Northern Energy, Inc (Operator No. 328627), ("Great Northern"), and Shappell Oil Company, L.L.C. (Operator No. 770275), ("Shappell").
2. Great Northern is the operator of record for the Taylor, W. B., -H- (02854) Lease, Well Nos. 15, 18, 20, 22, 25, 27, 29, 31, 35, 41, 44, 52, 53, 55, 57, A301, and A401, Longwood (Goodland Lime) Field, Harrison County, Texas.
3. On or about September 26, 2018, Shappell submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* and Commission Form P-6 *Request for Permission to Subdivide or Consolidate Oil Lease(s)* requesting transfer of the Taylor, W. B., -H- (02854) Lease, Well Nos. 15, 20, 25, 27, 31, 52, 57, and A301, Longwood (Goodland Lime) Field, Harrison County, Texas, from Great Northern to Shappell, as operator of record.
4. All Commission correspondence to Great Northern was sent via United States Postal Service first-class mail to Great Northern's address of record, as set forth on Great Northern's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Shappell was sent via United States Postal Service first-class mail to Shappell's address of record, as set forth on Shappell's most recent Form P-5 *Organization Report*.
6. On or about November 1, 2018, the Administrative Law Judge requested in writing that Great Northern 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 December 3, 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. Great Northern's Form P-5 is delinquent. Great Northern had a \$50,000.00 cash deposit as its financial assurance at the time of the last Form P-5 annual renewal submission.
  8. Shappell's Form P-5 is active-ext. Shappell has a \$50,000.00 cash deposit 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 May 2014.
  11. Great Northern failed to reply to the Administrative Law Judge's letter dated November 1, 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. Great Northern 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), Great Northern and Shappell have waived the opportunity to request a hearing on the matter.
  14. Shappell now asserts a "good faith claim" to a continuous right to operate the subject lease.
  15. The Taylor, W. B., -H- (02854) Lease, Well Nos. 15, 20, 25, 27, 31, 52, 57, and A301, Longwood (Goodland Lime) Field, Harrison County, Texas, should be transferred to Shappell 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. Great Northern does not have a "good faith claim" to continue to operate the Taylor, W. B., -H- (02854) Lease, Well Nos. 15, 20, 25, 27, 31, 52, 57, and A301, Longwood (Goodland Lime) Field, Harrison County, Texas.
5. Shappell does have a "good faith claim" to continue to operate the Taylor, W. B., -H- (02854) Lease, Well Nos. 15, 20, 25, 27, 31, 52, 57, and A301, Longwood (Goodland Lime) Field, Harrison County, Texas.

**IT IS THEREFORE ORDERED** that the application of Shappell Oil Company, L.L.C. 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, Shappell Oil Company, L.L.C. 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 26th day of February 2019, Austin, Texas.

**Railroad Commission of Texas (Order approved  
and signatures affixed by Hearings Division  
Unprotested Master Order dated February 26, 2019)**