

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7B-0317960

SINGLE SIGNATURE P-4 FILING OF SEDONA OIL & GAS CORPORATION (OPERATOR NO. 763152) FOR THE COUCH 89 GUY (30762) LEASE, WELL NO. 6, EDGAR DAVIS (MORRIS) FIELD, SHACKELFORD COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM COUCH OIL & GAS, INC. (OPERATOR NO. 182165) TO SEDONA OIL & GAS CORPORATION

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 Couch Oil & Gas, Inc. (Operator No. 182165), ("Couch"), and Sedona Oil & Gas Corporation (Operator No. 763152), ("Sedona").
2. Couch is the operator of record for the Couch 89 Guy (30762) Lease, Well Nos. 1 and 6, Edgar Davis (Morris) Field, Shackelford County, Texas.
3. On or about January 24, 2019, Sedona 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(s)* requesting transfer of the Couch 89 Guy (30762) Lease, Well No. 6, Edgar Davis (Morris) Field, Shackelford County, Texas, from Couch to Sedona, as operator of record.
4. All Commission correspondence to Couch was sent via United States Postal Service first-class mail to Couch's address of record, as set forth on Couch's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Sedona was sent via United States Postal Service first-class mail to Sedona's address of record, as set forth on Sedona's most recent Form P-5 *Organization Report*.
6. On or about February 20, 2019, the Administrative Law Judge requested in writing that Couch 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 March 22, 2019. 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. Couch's Form P-5 is delinquent. Couch had a \$50,000.00 bond as its financial assurance at the time of the last Form P-5 annual renewal submission.
8. Sedona's Form P-5 is active-ext. Sedona has a \$25,000.00 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 September 2012.
11. Couch failed to reply to the Administrative Law Judge's letter dated February 20, 2019, 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. Couch 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), Couch and Sedona have waived the opportunity to request a hearing on the matter.
14. Sedona now asserts a "good faith claim" to a continuous right to operate the subject lease.
15. The Couch 89 Guy (30762) Lease, Well No. 6, Edgar Davis (Morris) Field, Shackelford County, Texas, should be transferred to Sedona 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. Couch does not have a "good faith claim" to continue to operate the Couch 89 Guy (30762) Lease, Well Nos. 1 and 6, Edgar Davis (Morris) Field, Shackelford County, Texas.
5. Sedona does have a "good faith claim" to continue to operate the Couch 89 Guy (30762) Lease, Well No. 6, Edgar Davis (Morris) Field, Shackelford County, Texas.

IT IS THEREFORE ORDERED that the application of Sedona Oil & Gas Corporation for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" and Form P-6 "Request for Permission to Subdivide or Consolidate Oil Lease(s)" 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, Sedona Oil & Gas Corporation 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.

Signed May 7, 2019.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated May 7, 2019)**