

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0320381

SINGLE SIGNATURE P-4 FILING OF TEXAS SECONDARY OIL CORPORATION (OPERATOR NO. 848010) FOR THE FOHN, EDWARD UNIT II (06432) LEASE, WELL NOS. 1A, 2, 2A, 3, 3A, 4, 5, AND 5A, TAYLOR-INA FIELD, MEDINA COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM CVS PRODUCTION, LLC. (OPERATOR NO. 195796) TO TEXAS SECONDARY OIL 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 CVS Production, LLC. (Operator No. 195796), ("CVS"), and Texas Secondary Oil Corporation (Operator No. 848010), ("Texas Secondary").
2. CVS is the operator of record for the Fohn, Edward Unit li (06432) Lease, Well Nos. 1A, 2, 2A, 3, 3A, 4, 5, and 5A, Taylor-Ina Field, Medina County, Texas.
3. On or about May 22, 2019, Texas Secondary submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Fohn, Edward Unit li (06432) Lease, Well Nos. 1A, 2, 2A, 3, 3A, 4, 5, and 5A, Taylor-Ina Field, Medina County, Texas, from CVS to Texas Secondary, as operator of record.
4. All Commission correspondence to CVS was sent via United States Postal Service first-class mail to CVS's address of record, as set forth on CVS's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Texas Secondary was sent via United States Postal Service first-class mail to Texas Secondary's address of record, as set forth on Texas Secondary's most recent Form P-5 *Organization Report*.
6. On or about May 29, 2019, the Administrative Law Judge requested in writing that CVS 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 June 28, 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. CVS's Form P-5 is delinquent. CVS had a \$50,000.00 bond as its financial assurance at the time of the last Form P-5 annual renewal submission.
8. Texas Secondary's Form P-5 is active. Texas Secondary has a \$250,000.00 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 December 2017.
11. CVS failed to reply to the Administrative Law Judge's letter dated May 29, 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. Texas Secondary provided a Purchase and Sale Agreement between CVS's bankruptcy trustee and Texas Secondary for the subject lease.
13. CVS does not have a "good faith claim" to operate the subject lease.
14. Texas Secondary now asserts a "good faith claim" to a continuous right to operate the subject lease.
15. Pursuant to Tex. Gov't Code §§ 2001.056 and 2001.062(e), CVS and Texas Secondary have waived the opportunity to request a hearing on the matter.
16. The Fohn, Edward Unit II (06432) Lease, Well Nos. 1A, 2, 2A, 3, 3A, 4, 5, and 5A, Taylor-Ina Field, Medina County, Texas, should be transferred to Texas Secondary 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. CVS does not have a "good faith claim" to continue to operate the Fohn, Edward Unit II (06432) Lease, Well Nos. 1A, 2, 2A, 3, 3A, 4, 5, and 5A, Taylor-Ina Field, Medina County, Texas.
5. Texas Secondary does have a "good faith claim" to continue to operate the Fohn, Edward Unit II (06432) Lease, Well Nos. 1A, 2, 2A, 3, 3A, 4, 5, and 5A, Taylor-Ina Field, Medina County, Texas.

IT IS THEREFORE ORDERED that the application of Texas Secondary Oil Corporation 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, Texas Secondary Oil 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 August 6, 2019, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated August 6, 2019)**