

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0320981

SINGLE SIGNATURE P4 FILING BY PATTERSON ENERGY CORPORATION (OPERATOR NO. 643402) FOR THE EARDLEY (18842) LEASE, WELL NO. 1H, BRISCOE RANCH (EAGLEFORD) FIELD, DIMMIT COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM GAMBIT RESOURCES, INC. (OPERATOR NO. 293427) TO PATTERSON ENERGY 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 Gambit Resources, Inc. (Operator No. 293427), ("Gambit"), and Patterson Energy Corporation (Operator No. 643402), ("Patterson").
2. Gambit is the operator of record for the Eardley (18842) Lease, Well No. 1H, Briscoe Ranch (Eagleford) Field, Dimmit County, Texas.
3. On or about June 4, 2019, Patterson submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Eardley (18842) Lease, Well No. 1H, Briscoe Ranch (Eagleford) Field, Dimmit County, Texas, from Gambit to Patterson, as operator of record.
4. All Commission correspondence to Gambit was sent via United States Postal Service first-class mail to Gambit's address of record, as set forth on Gambit's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Patterson was sent via United States Postal Service first-class mail to Patterson's address of record, as set forth on Patterson's most recent Form P-5 *Organization Report*.
6. On or about June 26, 2019, the Administrative Law Judge requested in writing that Gambit 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 July 26, 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. Gambit's Form P-5 is delinquent. Gambit had a \$25,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.
8. Patterson's Form P-5 is active. Patterson has a \$50,000.00 letter of credit 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 August 2014.
11. Gambit did not reply to the Administrative Law Judge's letter dated June 26, 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. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Gambit waived the opportunity to request a hearing on the matter.
13. Gambit failed to show that it has a "good faith claim" to operate the subject lease and well.
14. Patterson submitted an Oil, Gas & Liquid Hydrocarbon Lease dated April 10, 2019, from Robert W. Eardley, as Lessor, covering 160 acres around the Eardley (18842) Lease, Well No. 1H, Briscoe Ranch (Eagleford) Field, Dimmit County, Texas.
15. Patterson now asserts a "good faith claim" to a continuous right to operate the subject lease and well.
16. The Eardley (18842) Lease, Well No. 1H, Briscoe Ranch (Eagleford) Field, Dimmit County, Texas, should be transferred to Patterson 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. Gambit does not have a "good faith claim" to continue to operate the Eardley (18842) Lease, Well No. 1H, Briscoe Ranch (Eagleford) Field, Dimmit County, Texas.
5. Patterson does have a "good faith claim" to continue to operate the Eardley (18842) Lease, Well No. 1H, Briscoe Ranch (Eagleford) Field, Dimmit County, Texas.

IT IS THEREFORE ORDERED that the application of Patterson Energy 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, Patterson Energy 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.

Done this 20th day of August 2019, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated August 20, 2019)**