

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 04-0321088

SINGLE SIGNATURE P-4 FILING BY NEWMAN OPERATING COMPANY (OPERATOR NO. 607391) FOR THE BISHOP DUVAL LAND COMPANY (13739) LEASE, WELL NO. 2, LOMA NOVIA (2ND SAND) FIELD, DUVAL COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM TEXOKAN OPERATING, INC. (OPERATOR NO. 850446) TO NEWMAN OPERATING COMPANY

OIL & GAS DOCKET NO. 04-0321089

SINGLE SIGNATURE P-4 FILING BY NEWMAN OPERATING COMPANY (OPERATOR NO. 607391) FOR THE BISHOP DUVAL LAND COMPANY (13619) LEASE, WELL NO. 1, LOMA NOVIA, WEST (FIRST SAND) FIELD, DUVAL COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM TEXOKAN OPERATING, INC. (OPERATOR NO. 850446) TO NEWMAN OPERATING COMPANY

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the operator of the captioned leases 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.

FINDINGS OF FACT

1. At least twenty days' notice was given to Texokan Operating, Inc. (Operator No. 850446), ("Texokan"), and Newman Operating Company (Operator No. 607391), ("Newman").
2. Texokan is the operator of record for the Bishop Duval Land Company (13739) Lease, Well No. 2, Loma Novia (2nd Sand) Field, and the Bishop Duval Land Company (13619) Lease, Well No. 1, Loma Novia, West (First Sand) Field, Duval County, Texas ("subject leases").
3. On or about June 5, 2019, Newman submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of each of the subject leases, from Texokan to Newman, as operator of record.
4. All Commission correspondence to Texokan was sent via United States Postal Service first-class mail to Texokan's address of record, as set forth on Texokan's most recent Form P-5 *Organization Report*.

5. All Commission correspondence to Newman was sent via United States Postal Service first-class mail to Newman's address of record, as set forth on Newman's most recent Form P-5 *Organization Report*.
6. On or about July 3, 2019, the Administrative Law Judge requested in writing that Texokan 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 August 5, 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. Texokan's Form P-5 is delinquent. Texokan had a \$50,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.
8. Newman's Form P-5 is active. Newman 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 for the Bishop Duval Land Company (13739) Lease, Well No. 2, since November 2010.
11. No production has been reported for the Bishop Duval Land Company (13619) Lease, Well No. 1, since January 2016.
12. Texokan failed to reply to the Administrative Law Judge's letter dated July 3, 2019, with any documents that it holds a "good faith claim" to a continuing right to operate the subject leases and failed to timely request a hearing.
13. Texokan does not have a "good faith claim" to operate the subject leases.
14. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Texokan and Newman have waived the opportunity to request a hearing on the matter.
15. Newman now asserts a "good faith claim" to a continuous right to operate the subject leases.
16. The subject leases should be transferred to Newman 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. Texokan does not have a "good faith claim" to continue to operate the subject leases.
5. Newman does have a "good faith claim" to continue to operate the subject leases.

IT IS THEREFORE ORDERED that the application of Newman Operating Company for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" is hereby **APPROVED** as to each of the above-referenced dockets, 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, Newman Operating Company has not met the requirements of the listed provisions, this Order shall be **VOID** and each 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 11th day of September 2019, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated September 11,
2019)**