

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7B-0321108

SINGLE SIGNATURE P-4 FILING OF 3 S PRODUCTION, INC. (OPERATOR NO. 953796) FOR THE CHRANE "B" (28440) LEASE, WELL NO. 18, TAYLOR COUNTY REGULAR FIELD, TAYLOR COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM CHAN WEST OIL CORPORATION (OPERATOR NO. 144179) TO 3 S PRODUCTION, INC.

OIL & GAS DOCKET NO. 7B-0321110

SINGLE SIGNATURE P-4 FILING OF 3 S PRODUCTION, INC. (OPERATOR NO. 953796) FOR THE CHRANE G. A. 'A' (28365) LEASE, WELL NO. 1, TAYLOR COUNTY REGULAR FIELD, TAYLOR COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM CHAN WEST OIL CORPORATION (OPERATOR NO. 144179) TO 3 S PRODUCTION, INC.

OIL & GAS DOCKET NO. 7B-0321111

SINGLE SIGNATURE P-4 FILING OF 3 S PRODUCTION, INC. (OPERATOR NO. 953796) FOR THE CHRANE G. A. "G" (28144) LEASE, WELL NO. 2A, TAYLOR COUNTY REGULAR FIELD, TAYLOR COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM CHAN WEST OIL CORPORATION (OPERATOR NO. 144179) TO 3 S PRODUCTION, INC.

OIL & GAS DOCKET NO. 7B-0321112

SINGLE SIGNATURE P-4 FILING OF 3 S PRODUCTION, INC. (OPERATOR NO. 953796) FOR THE CHRANE G. A. "A" (28143) LEASE, WELL NOS. 1, 3, & 9, TAYLOR COUNTY REGULAR FIELD, TAYLOR COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM CHAN WEST OIL CORPORATION (OPERATOR NO. 144179) TO 3 S PRODUCTION, INC.

OIL & GAS DOCKET NO. 7B-0321113

SINGLE SIGNATURE P-4 FILING OF 3 S PRODUCTION, INC. (OPERATOR NO. 953796) FOR THE CHRANE G. A. "B" (28142) LEASE, WELL NO. 17, TAYLOR COUNTY REGULAR FIELD, TAYLOR COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM CHAN WEST OIL CORPORATION (OPERATOR NO. 144179) TO 3 S PRODUCTION, INC.

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the operator of the captioned leases did not respond, and the dockets 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 Chan West Oil Corporation (Operator No. 144179), ("Chan West"), and 3 S Production, Inc. (Operator No. 953796), ("3 S").

2. Chan West is the operator of record for the above-referenced leases and wells in the Taylor County Regular Field, Taylor County, Texas.
3. On or about June 4, 2019, 3 S submitted to the Commission in each of the above-referenced dockets a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the subject leases and wells in the Taylor County Regular Field, Taylor County, Texas, from Chan West to 3 S, as operator of record.
4. All Commission correspondence to Chan West was sent via United States Postal Service first-class mail to Chan West's address of record, as set forth on Chan West's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to 3 S was sent via United States Postal Service first-class mail to 3 S's address of record, as set forth on 3 S's most recent Form P-5 *Organization Report*.
6. On or about July 11, 2019, the Administrative Law Judge requested in writing that Chan West either (1) provide evidence that it holds a good faith claim to a continuing right to operate the referenced properties or (2) request a hearing on the matter on or before August 12, 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. Chan West's Form P-5 is delinquent. Chan West had a \$50,000.00 cash deposit as its financial assurance at the time of the last Form P-5 annual renewal submission.
8. 3 S's Form P-5 is active. 3 S 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 leases since February 2015.
11. Chan West failed to reply to the Administrative Law Judge's letter dated July 11, 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. Chan West does not have a "good faith claim" to operate the subject leases.
13. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Chan West and 3 S waived the opportunity to request a hearing on the matter.
14. 3 S now asserts a "good faith claim" to a continuous right to operate the subject leases and wells.

15. The subject leases and wells in the Taylor County Regular Field, Taylor County, Texas, should be transferred to 3 S 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 these dockets is a matter committed to the jurisdiction of the Commission. TEX. GOV'T CODE §§ 81.051.
4. Chan West does not have a "good faith claim" to continue to operate the subject leases and wells.
5. 3 S does have a "good faith claim" to continue to operate subject leases and wells.

IT IS THEREFORE ORDERED that the applications of 3 S Production, Inc. for transfer of the Form P-4 *Certificate of Compliance and Transportation Authority* is hereby **APPROVED** in 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, 3 S Production, Inc. 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)**