

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 6E-0321443

GOOD FAITH CLAIM REVIEW OF M-C PRODUCTION & DRILLING CO, INC. (OPERATOR. NO. 518063) AND ABLEREDY, INC. (OPERATOR NO. 002987) FOR THE CHRISTIAN, A. -B- (06461) LEASE, EAST TEXAS FIELD, GREGG COUNTY, TEXAS

OIL & GAS DOCKET NO. 6E-0321444

GOOD FAITH CLAIM REVIEW OF M-C PRODUCTION & DRILLING CO, INC. (OPERATOR. NO. 518063) AND ABLEREDY, INC. (OPERATOR NO. 002987) FOR THE MAXWELL, B. F. (06578) LEASE, EAST TEXAS FIELD, RUSK COUNTY, TEXAS

OIL & GAS DOCKET NO. 6E-0321445

GOOD FAITH CLAIM REVIEW OF M-C PRODUCTION & DRILLING CO, INC. (OPERATOR. NO. 518063) AND ABLEREDY, INC. (OPERATOR NO. 002987) FOR THE SNODDY TAD (06705) LEASE, EAST TEXAS FIELD, GREGG COUNTY, TEXAS

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the operator of the captioned leases and wells submitted evidence demonstrating that the operator obtained and now maintains a "good faith claim" to operate the captioned properties. 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. M-C Production & Drilling Co, Inc ("M-C") holds Form P-5 Organization Report Operator No. 518063. M-C is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the captioned leases and wells in Gregg and Rusk Counties, Texas.
2. Ableready, Inc. ("AbleReady") submitted to the Commission in each of the above-referenced dockets a Form P-4 *Certificate of Compliance and Transportation Authority* executed by David M. Chandler, as President of M-C. Included with each filed dual-signature Form P-4 was a copy of that certain Assignment and Bill of Sale dated June 4, 2019, from AC3 Operating LLC, as Assignor, to AbleReady, as Assignee, purporting to assign all of the right, title, and interest of AC3 Operating LLC, in the subject properties.
3. On or about July 12, 2019, the Enforcement Section of the Railroad Commission of Texas ("Staff") submitted to the Hearings Division a letter requesting a Good Faith Claim Review of each Form P-4 submitted by AbleReady for the subject leases.
4. On or about July 11, 2019, the Administrative Law Judge requested in writing that AbleReady either: (1) provide evidence that it holds a good faith claim to a

continuing right to operate the captioned leases and wells; or (2) request a hearing on the matter on or before August 16, 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.

5. 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." [16 Tex. Admin. Code § 3.15(a)(5)].
6. On July 19, 2019, AbleReady provided to the Hearings Division a copy of that certain Assignment and Bill of Sale dated January 1, 2018, from M-C Production & Drilling Co., Inc., as Assignor, to AC3 Operating LLC, as Assignee, purporting to assign all of the right, title, and interest of M-C Production & Drilling Co., Inc., in the subject properties, among others.
7. Ableready now asserts a "good faith claim" to a continuous right to operate the subject leases; Ableready provided evidence of recorded assignments to AbleReady of all right, title and interest of M-C in and to the subject leases.
8. Ableready's Form P-5 is active. Ableready has a \$25,000.00 cash deposit and a \$25,000.00 bond as its financial assurance.
9. The subject leases should be transferred to Ableready 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. Ableready does have a "good faith claim" to continue to operate the subject leases.

IT IS THEREFORE ORDERED that the application of AbleReady, Inc., for transfer of each subject 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, AbleReady, Inc., 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 1st day of October 2019, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated October 1, 2019)**