

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 6E-0318437: GOOD FAITH CLAIM REVIEW AND P-4 TRANSFER OF RECORD OPERATOR FOR THE CHRISTIAN, B. C. (07231) LEASE, ALL WELLS, EAST TEXAS FIELD, GREGG COUNTY, TEXAS FROM M-C PRODUCTION AND DRILLING CO. ,INC. (518063) TO IRONHORSE OPERATIONS, LLC (426610)

OIL AND GAS DOCKET NO. 6E-0318438: GOOD FAITH CLAIM REVIEW AND P-4 TRANSFER OF RECORD OPERATOR FOR THE CHRISTIAN, B. C. (FAIR) (06573) LEASE, ALL WELLS, EAST TEXAS FIELD, GREGG COUNTY, TEXAS FROM ACIREMA CORPORATION (003577) TO IRONHORSE OPERATIONS, LLC (426610)

OIL AND GAS DOCKET NO. 6E-0319688: GOOD FAITH CLAIM REVIEW OF FORM P-4 TRANSFER OF RECORD OPERATOR FOR THE CHRISTIAN – A – (06737) LEASE, ALL WELLS, EAST TEXAS FIELD, GREGG COUNTY, TEXAS FROM ACIREMA CORPORATION (003577) TO IRONHORSE OPERATIONS, LLC (426610)

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Ironhorse Operations, LLC failed to appear at the hearing and did not provide sufficient evidence of a good faith claim such that this case can proceed as a default. This proceeding having duly been submitted to the Commission at a conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. Ironhorse Operations, LLC ("Ironhorse"), RRC Operator No. 426610, filed Commission Form P-4s *Certificates of Compliance and Transportation Authority* ("Form P-4s") requesting that it be designated the Commission operator of record for the following leases ("Leases") in the East Texas Field in Gregg County:
 - a. The Christian, B. C. (07231) Lease, All Wells;
 - b. The Christian, B. C. (Fair) (06573) Lease, All Wells; and
 - c. The Christian – A – (06737) Lease, All Wells.

The Form P-4s contain the signature for Ironhorse as well as the signature for the current Commission operators of record for the Leases.

2. M-C Production and Drilling Co., Inc. (Operator No. 518063) ("M-C Production") is the current RRC operator of record for the Christian, B. C. (07231) Lease.

3. Acirema Corporation (Operator No. 003577) ("Acirema") is the current RRC operator of record for the Christian, B. C. (Fair) (06573) Lease and the Christian – A – (06737) Lease.
4. There are RRC holds preventing a transfer of the Leases without a good faith claim review of the proposed operator. The Hearings Division received requests from the Commission's Legal Enforcement Section ("Staff") for a good faith claim review regarding the Form P-4s.
5. On July 12, 2019, the Hearings Division of the Commission sent notices of hearing ("Notices") to Ironhorse, M-C Production and Acirema, setting a hearing date of August 14, 2019. Consequently, the parties received more than 10 days' notice. The Notices contain (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted.
6. A hearing on the merits was begun on August 14, 2019. At the hearing, Ironhorse appeared at the hearing. Neither M-C Production nor Acirema appeared at the hearing. Debra Christian, Randall Christian, Russell Jones, Jr. and Darnel Jones appeared as protestants ("Protestants"). At the hearing, Ironhorse requested a continuance to present documentation necessary to show a good faith claim. Additionally, Ironhorse objected to Protestants evidence because Protestants had not responded to discovery requests. A continuance was granted to allow Ironhorse to present additional evidence and to allow Protestants and Ironhorse to exchange information pursuant to discovery. By agreement of the parties, the hearing on the merits was set to resume on November 21, 2019.
7. On August 20, 2019, an Administrative Law Judge of the Commission issued an order that the hearing would resume on November 21, 2019, as agreed. The order was sent to Ironhorse, Protestants, M-C Production and Acirema.
8. The hearing was reconvened on November 21, 2019. Ironhorse did not appear and failed to provide sufficient evidence it has a good faith claim to operate the Leases. Neither M-C Production nor Acirema appeared. Protestants appeared and participated in the hearing.
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." 16 Tex. Admin. Code § 3.15(a)(5).
10. At least ten days' notice of an opportunity for hearing was given to Ironhorse.

11. Ironhorse does not have a good faith claim to operate the Leases.
12. Pursuant to Tex. Gov't Code §§ 2001.056 and 2001.062(e), Ironhorse was provided an opportunity to request a hearing and failed to do so.

CONCLUSIONS OF LAW

1. Proper notice of opportunity for hearing was timely issued to appropriate persons entitled to notice. See, e.g., Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code § 1.42.
2. The Commission has jurisdiction in this case. See, e.g., Tex. Nat. Res. Code § 81.051.
3. Ironhorse does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Leases. 16 Tex. Admin. Code § 3.15(a)(5).

ORDERING PROVISIONS

IT IS ORDERED that the applications of Ironhorse to change the RRC operator of record for the Leases is **DENIED** and Ironhorse's submitted Form P-4s *Certificates of Compliance and Transportation Authority* reflecting itself as the current operator of the Leases are hereby **DENIED** and **DISMISSED**.

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 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 the parties are notified of this order in accordance with Tex. Gov't Code § 2001.144.

All pending motions and requests for relief not previously granted or granted herein are denied.

Done December 17, 2019.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotected Master Order dated December 17,
2019)

JNC/mls