

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 09-0296514

---

**IN RE: FORM P-4 TRANSFER OF RECORD OPERATOR FOR THE EASLEY, W.P. (07677) LEASE, WELL NOS. 2, 3, 4A, 5, 5A, 11 AND 12, YOUNG COUNTY REGULAR FIELD, YOUNG COUNTY, TEXAS FROM B & G OIL TO PALADIN OPERATING.**

---

### FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the prior 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 Fact and Conclusions of Law.

### FINDINGS OF FACT

1. At least ten days notice was given to B & G Oil (Operator No. 040439) and Paladin Operating (Operator No. 635099). By letter dated May 1, 2015, B & G Oil was afforded the opportunity to submit evidence of a continuing right to operate the subject lease and wells or request a hearing on the matter. B & G Oil did neither.
2. By Form P-4 dated April 27, 2015, Paladin Operating requested transfer of the Certificate of Compliance and Transportation Authority for the Easley, W.P. (07677) Lease from B & G Oil to Paladin Operating.
3. By failing to respond to notice and opportunity for hearing, B & G Oil chose to rely on informal disposition of the docket pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).
4. B & G Oil has a delinquent Form P-5 and tendered financial assurance in the amount of \$25,000 cash for its wells. The Commission collected B & G's financial assurance on October 11, 2013.
5. Paladin Operating has a current, active Form P-5 with sufficient financial assurance to acquire the lease and wells in dispute. Paladin Operating has filed a \$25,000 Letter of Credit with the Commission as financial assurance.
6. 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.”

7. The subject Commission-recognized lease, the Easley, W.P. (07677) Lease, has been inactive for a period of two years and eight months and has not reported production since November, 2012.
8. The current operator, B & G Oil, did not present a “good faith claim” to operate the captioned lease and did not respond to a May 1, 2015 Commission letter requesting that it either provide a good faith claim to operate the subject lease or request a hearing.
  - a.) The President of B & G Oil, Bobby Joe Brown, is deceased, as demonstrated by a Certificate of Death recording his death on March 25, 2013.
  - b.) Pam Ellard is listed on the Certificate of Death as the daughter of Bobby Joe Brown.
  - c.) On the sixth (6<sup>th</sup>) day of February, 2014, The County Court of Young County granted Pam Ellard and Johnny Kinsey “Letters of Co-Administration with Will Annexed”, designating them as Independent Co-Administrators of the estates of Lavern Brown (deceased) and Bobby J. Brown (deceased).
  - d.) On April 10, 2014, Pam Ellard and Johnny Kinsey, as Co-Administrators of the Estate of Bobby J. Brown, deceased, granted a lease to Paladin Operating.
9. Paladin Operating presented an Oil & Gas Lease as its “good faith claim” to operate the Easley, W.P. (07677) Lease.
  - a.) The lease was granted by Pam Ellard and Johnny Kinsey as Co-Administrators of the Estate of Bobby J. Brown, deceased.
  - b.) The lease is dated April 10, 2014 and has a primary term of three (3) years.

**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 have occurred.
3. The current Commission-recognized owner of B & G Oil, Bobby Joe Brown, is deceased.
4. Paladin Operating has a “Good Faith Claim” to operate the subject lease and wells.

**IT IS THEREFORE ORDERED** that the application of Paladin Operating (Operator No. 635099) for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" for the Easley, W.P. Lease, Lease ID# 07677, Young County Regular Field , Young County, Texas, is hereby **APPROVED**.

It is further **ORDERED** that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. 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 90 days from the date the parties are notified of the order.

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

Done this 14th day of July, 2015, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division Unprotested Master Order dated  
July 14, 2015)**