

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0296612

P-4 TRANSFER OF RECORD OPERATOR FOR THE NATAL UNIT LEASE, WELL NOS. 1 AND 6, SUBDIVIDED FROM THE DELORES G. NATAL (08017) LEASE, WELL NOS. 1, 2, 3 AND 6, FAIRFIELD FIELD, BEXAR COUNTY, TEXAS, FROM PARK AVENUE RESOURCES, INC. TO BAR M PETROLEUM CO.

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 Park Avenue Resources, Inc. (Operator No. 639570) ("Park Avenue"), and Bar M Petroleum Co. ("Bar M"). By letter dated May 14, 2015, Park Avenue 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. Park Avenue did neither.
2. By failing to respond to notice and opportunity for hearing, Park Avenue chose to rely on informal disposition of the docket pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).
3. Park Avenue has a delinquent Form P-5, last filed a Form P-5 in July 2010 and is currently subject to Tex. Nat. Resources Code §91.114, otherwise known as Senate Bill 639.
4. Park Avenue became the operator of the Delores G. Natal (08017) Lease, Well Nos. 1, 2, 3 and 6, Fairfield Field, Bexar County, Texas, by Form P-4 transfer with an effective date of March 1, 2004 and an approved date of March 23, 2004.
5. The Delores G. Natal (08017) Lease last produced in September, 2010. There has been no reported production on the lease since that time.
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." [16 Tex. Admin. Code §3.15(a)(5)]

7. Bar M presented three contractual leases on the subject oil and gas lease:
 - a.) The contractual leases were entered into on May 5, 2015, between Lessors (1) Herlinda N. Moreno [0.664 acres], (2) Gilbert V. Natal and wife Rachel R. Natal [1.328 acres], (3) Jorge L. Vasquez and Bartola P. Vasquez [2.658 acres] and (4) Delia N. Valverde [0.664 acres] and Lessee Bar M Petroleum Co.
 - b.) The base leases are for a primary term of six (6) months and covers 5.314 acres out of Lot 8, Block 62 in the San Antonio Suburban Irrigated Farms, restricted in depth from the surface to 1,900 feet.

8. Bar M filed a Form P-6 (Request for Permission to Subdivide or Consolidate Oil Lease(s)) with its request for a P-4 transfer. Bar M wishes to accept the P-4 responsibility for Well Nos. 1 and 6 on what will become a new 5.314-acre lease, the Natal Unit, subdividing out Well Nos. 2 and 3 which will remain with the 18.836-acre Delores G. Natal (08017) Lease.
 - a.) The Delores G. Natal (08017) Lease contains 24.15 acres and consists of Well Nos. 1, 2, 3 and 6.
 - b.) Bar M proposes to take over 5.314 acres of the Delores G. Natal (08017) Lease, with Well Nos. 1 and 6. The new lease will be named the Natal Unit.
 - c.) The remaining wells on the reduced Delores G. Natal (08017) Lease, Well Nos. 2 and 3, are scheduled for State-funded plugging.

9. Bar M has an active Form P-5 and has posted a Bond in the amount of \$50,000 with the Commission as financial assurance. The Bond expires January 31, 2017.

CONCLUSIONS OF LAW

1. Proper notice of an opportunity for a hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Bar M is an active operator in good standing with the Commission.
4. Bar M has presented a good faith claim to operate Well Nos. 1 and 6 on the Natal Unit, which will be subdivided from the Delores G. Natal (08017) Lease, Well Nos. 1, 2, 3 and 6.

IT IS THEREFORE ORDERED that the application of Bar M Petroleum Co. for the Form P-4 transfer of the Natal Unit, Well Nos. 1 and 6, to be subdivided out of the Delores G. Natal (08017) Lease, Fairfield Field, Bexar County, Texas, be **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 25th day of August, 2015, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division Unprotected Master Order dated
August 25, 2015)**