

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 05-0296396**

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**IN RE: FORM P-4 TRANSFER OF RECORD OPERATOR FOR THE CARROLL (03851) UNIT, WELL NO. 1, CHENEYBORO (COTTON VALLEY) FIELD, FREESTONE COUNTY, TEXAS, FROM TX ENHANCED OIL RECOVERY TO GRAYSTONE ENERGY CORPORATION.**

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### 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 TX Enhanced Oil Recovery (Operator No. 875198) and Graystone Energy Corporation (Operator No. 328347). By letter dated May 6, 2015, TX Enhanced Oil Recovery 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. TX Enhanced Oil Recovery did neither.
2. By Form P-4 received at the Commission on April 7, 2015, Graystone Energy Corporation (hereinafter "Graystone") requested transfer of the Certificate of Compliance and Transportation Authority for the Carroll (03851) Unit, Well No. 1, from TX Enhanced Oil Recovery (hereinafter "TX Enhanced") to Graystone.
3. By failing to respond to notice and opportunity for hearing, TX Enhanced chose to rely on informal disposition of the docket pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).
4. The Form P-5 of TX Enhanced is in "Active-Ext" status and TX Enhanced has tendered financial assurance in the amount of \$25,000 cash for its wells. The cash deposit is valid until April 30, 2016.
5. On July 14, 2015, the Commission Mainframe showed that the P-5 Organization Report of Graystone was in "Delinquent" status.

6. On July 31, 2015, the Commission Mainframe showed that the P-5 Organization Report of Graystone was in "Delinquent" status.
7. On August 7, 2015, the Commission Mainframe showed that the P-5 Organization Report of Graystone was in "Delinquent" status.
8. Commission Statewide Rule 1(a)(1)(A) [16 Tex. Admin. Code §3.1(a)(1)(A)] , Titled ORGANIZATION REPORT; RETENTION OF RECORDS; NOTICE REQUIREMENTS, states:

(a)(1)Except as provided under subsection (d) of this section, no person, firm, partnership, joint stock association, corporation or other organization, domestic or foreign, operating wholly or partially within this state, acting as principal or agent for another, for the purpose of performing operations within the jurisdiction of the Commission shall perform such operations without having on file with the Commission an approved organization report and financial security as required by Texas Natural Resources Code §§91.103-91.1091. Operations within the jurisdiction of the Commission include, but are not limited to, the following:

(A) drilling, operating, or producing any oil, gas, geothermal resource, brine mining injection, or oil and gas waste disposal well; (emphasis added)

9. Graystone does not have an active Form P-5 Organization Report.
10. The Commission will not transfer a P-4 Certificate of Compliance and Transportation Authority to an operator that does not have an active Form P-5 Organization report.

#### 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 Form P-5 Organization Report of Graystone Energy Corporation is in Delinquent status, therefore the Commission cannot transfer the Form P-4 Certificate of Compliance and Transportation Authority for the Carroll (ID# 03851) Unit, Well No. 1 in the Cheneyboro (Cotton Valley) Field, Freestone County, Texas to Graystone Energy Corporation.

**IT IS THEREFORE ORDERED** that the application of Graystone Energy Corporation (Operator No. 328347) for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" for the Carroll (ID# 03851) Unit, Well No. 1 in the Cheneyboro (Cotton Valley) Field, Freestone County, Texas is hereby **DENIED**.

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)**