

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 6E-0297057

FORM P-4 TRANSFER OF RECORD OPERATOR FOR THE W.W. HOLLAND -C- (08377) LEASE, EAST TEXAS FIELD, RUSK COUNTY, TEXAS FROM AAA OIL TRUST (OP. NO. 000118) TO MIKEN OIL, INC. (OP. NO. 566783).

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 AAA Oil Trust (Operator No. 000118) ("AAA") and Miken Oil, Inc. ("Miken") (Operator No. 566783). By letter dated July 7, 2015, AAA 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. AAA did neither.
2. By Form P-4 dated June 9, 2015, and received at the Commission on June 10, 2015, Miken requested transfer of the Certificate of Compliance and Transportation Authority for the W.W. Holland -C- (08377) Lease from AAA to Miken.
3. By failing to respond to notice and opportunity for hearing, AAA chose to rely on informal disposition of the docket pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).
4. AAA has a delinquent Form P-5 and is subject to the constraints of Tex. Nat. Res. Code §91.114, commonly referred to as Senate Bill 639.
5. Miken has a current, active Form P-5 with sufficient financial assurance to acquire the lease and wells in dispute. Miken has filed a \$50,000 Bond with the Commission as financial assurance, with a expiration date of December 31, 2016.
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. The subject Commission-recognized lease, the W.W. Holland -C- (08377) Lease, has been inactive for a period of 13 years and 6 months. It has not reported production since January, 2002.
8. The current operator, AAA, did not present a "good faith claim" to operate the captioned lease and did not respond to a July 7, 2015 Commission letter requesting that it either provide a good faith claim to operate the subject lease or request a hearing.
9. Miken presented an Assignment and Bill of Sale to ETOF Ventures, LLC dated August 27, 2013, which conveyed the rights to the original lease taken in June 11, 1927 as its "good faith claim" to operate the W.W. Holland -C- (08377) Lease. By separate letter dated May 29, 2015, ETOF Ventures, LLC designated Miken as its contract operator.

CONCLUSIONS OF LAW

1. Proper notice of the opportunity for hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. AAA Oil Trust did not present a "Good Faith Claim" to operate the W.W. Holland -C- (08377) Lease.
4. Miken Oil Co. presented a "Good Faith Claim" to operate the W.W. Holland -C- (08377) Lease, Well Nos. 1 and 3, in the East Texas Field in Rusk County.

IT IS THEREFORE ORDERED that the application of Miken Oil Co. (Operator No. 566783) for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" for the W.W. Holland (08377) Lease, Well Nos. 1 and 3, East Texas Field, Rusk 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 15th day of September, 2015, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division Unprotected Master Order dated
September 15, 2015)**