

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 09-0297732

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**FORM P-4 TRANSFER OF RECORD OPERATOR FOR THE TERRY (32909) LEASE, WELL NO. 2, CASH (STRAWN) FIELD, WICHITA COUNTY, TEXAS FROM LONGCREEK PRODUCTION CO. (OP. NO. 507950) TO TEXAS ENERGY OPERATIONS, LC(OP. NO. 845802).**

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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 Longcreek Production Co. (Operator No. 507950) ("Longcreek") and Texas Energy Production Co. ("Texas Energy") (Operator No. 845802). By letter dated August 18, 2015, Longcreek 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. Longcreek did neither.
2. By Form P-4 dated July 24, 2015, and received at the Commission on July 29, 2015, Texas Energy requested transfer of the Certificate of Compliance and Transportation Authority for the Terry (32909) Lease from Longcreek to Texas Energy.
3. By failing to respond to notice and opportunity for hearing, Longcreek chose to rely on informal disposition of the docket pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).
4. Longcreek has a delinquent Form P-5. Longcreek last filed a Form P-5 on June 21, 1984. The Terry (32909) Lease is the last lease and well in the name of Longcreek.
5. Texas Energy has a current, active Form P-5 with sufficient financial assurance to acquire the lease and wells in dispute. Texas Energy has filed a \$250,000 Letter of Credit with the Commission as financial assurance, with a expiration date of November 1, 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 Terry (32909) Lease, Well No. 2 is inactive.
8. The current operator, Longcreek, did not present a “good faith claim” to operate the captioned lease and did not respond to an August 18, 2015 Commission letter requesting that it either provide a good faith claim to operate the subject lease or request a hearing.
9. Texas Energy presented a lease from E.L. and Elma Chilton on the subject property dated May 28, 2014, with a primary term of three (3) years.

#### 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. Longcreek did not present a “Good Faith Claim” to operate the Terry (32909) Lease, Well No. 2.
4. Texas Energy presented a “Good Faith Claim” to operate the Terry (32909) Lease, Well No. 2, in the Cash (Strawn) Field in Wichita County.

**IT IS THEREFORE ORDERED** that the application of Texas Energy Operations, LC (Operator No. 845802) for transfer of the Form P-4 “Certificate of Compliance and Transportation Authority” for the Terry (32909) Lease, Well No. 2, Cash (Strawn) Field, Wichita County, Texas, is hereby **APPROVED**.

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 of an application 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 Commission Order is signed.

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

Done this 6th day of October, 2015, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division Unprotected Master Order dated  
October 6, 2015)**