

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 09-0297954

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**SINGLE SIGNATURE P-4 FILING OF TEXCEL EXPLORATION, INC. (OP. NO. 844153) FOR THE PHILLIPS, P.C. -A- (26115) LEASE, WELL NOS. 9, 18, 28 AND 29, PLUMLEE (TANNEHILL 2<sup>ND</sup>) FIELD, KNOX COUNTY, TEXAS TO CHANGE THE OPERATOR FROM PETRON ENERGY, INC. (OP. NO. 660821) TO TEXCEL EXPLORATION, INC.**

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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 Petron Energy, Inc. (Operator No. 660821) ("Petron"), and Texcel Exploration, Inc. ("Texcel"). By letter dated October 8, 2015, Petron 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. Petron did neither.
2. By failing to respond to notice and opportunity for hearing, Petron chose to rely on informal disposition of the docket pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).
3. Petron's current P-5 status is "Active-Ext".
4. Petron became the operator of the Phillips, P.C. -A- (26115) Lease, Plumlee (Tannehill 2<sup>nd</sup>) Field, Knox County by Form P-4 transfer with an effective date of August 8, 2011 and an approval date of August 23, 2011.
5. Commission records show that the Phillips, P.C. -A- (26115) Lease reported "0" production in March, April and May of 2015. Petron's contractual lease on the property has a 60-day cessation of production clause, which Texcel asserts has caused Petron's contractual lease to lapse.
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. Texcel presented a contractual lease on the subject oil and gas lease:
  - a.) The contractual lease was entered into on July 7, 2015, between Lessor Wayne Zeissel and Lessee Texcel Exploration, Inc.
  - b.) The base lease has a primary term of three (3) years and covers the SW/4 of Section No. 82, Block 2, Dallas & Wichita RR Co. Lands, Knox County, Texas, save and except a 0.069-acre tract within.
8. Texcel 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, 2016.

#### 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. Texcel is an active operator in good standing with the Commission.
4. Texcel has presented a good faith claim to operate the Phillips, P.C. -A- (26115) Lease, Well Nos. 9, 18, 28 and 29, Plumlee (Tannehill 2<sup>nd</sup>) Field, Knox County, Texas.

**IT IS THEREFORE ORDERED** that the application of Texcel Exploration Inc. for the Form P-4 transfer of the Phillips, P.C. -A- (26115) Lease, Well Nos. 9, 18, 28 and 29, Plumlee (Tannehill 2<sup>nd</sup>) Field, Knox County, Texas, be **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 8th day of December, 2015, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division Unprotested Master Order dated  
December 8, 2015)**