

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0296983

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**COMMISSION CALLED HEARING ON THE PROPOSED FORM P-4 TRANSFER OF THE LINDSAY 326 (39799) LEASE, WELL NO. 2, HOEFS T-K (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS FROM COG OPERATING, LLC (OP. NO. 166150) TO ROY E. KIMSEY, JR. (OP. NO. 463260).**

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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 COG Operating, LLC (Operator No. 166150) ("COG") and Roy E. Kimsey (Op. No. 463260) ("Kimsey"). By letter dated August 6, 2015, COG 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. COG responded by letter dated September 21, 2015, indicating it did not object to Kimsey taking over the lease. COG did not request a hearing on the matter.
2. By consenting to the P-4 transfer and foregoing opportunity for hearing, COG chose to rely on informal disposition of the docket pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).
3. COG's current P-5 status is "Active-Ext".
4. COG became the operator of the Lindsay 326 (39799) Lease by Form P-4 with an effective date of January 1, 2015, approved on January 5, 2015. COG has not produced the lease.
5. The Lindsay 326 (39799) Lease, Well No. 2, last produced in April, 2012. 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. Kimsey presented a contractual lease on the subject oil and gas lease:
  - a.) The contractual lease was entered into on November 19, 2013, between Lessor Valerie M. Jansen, Trustee of the Valerie M. Jansen 2008 Revocable Trust and Lessee Energrowth, Inc. (“Energrowth”) covering Section 326, Block 13, H&GN Ry. Co. Survey, Reeves County, Texas. The lease has a primary term of two (2) years.
  - b.) Kimsey provided a Model Form Operating Agreement dated June 24, 2015 in which Energrowth appointed Roy E. Kimsey, Jr. as its Operator in Section 326, Block 13, H&GN Ry. Co. Survey, Reeves County, Texas.
8. Kimsey has an active Form P-5 and has posted a Bond in the amount of \$25,000 with the Commission as financial assurance. The Bond expires October 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. Roy E. Kimsey, Jr. is an active operator in good standing with the Commission.
4. Roy E. Kimsey has presented a good faith claim to operate Well No. 2 on the Lindsay 326 (39799) Lease.

**IT IS THEREFORE ORDERED** that the application of Roy E. Kimsey (Op. No. 463260) for the Form P-4 transfer of the Lindsay 326 (39799) Lease, Well No. 2, 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)**