

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 7C-0299346

SINGLE SIGNATURE P-4 FILING OF TRIANGLE P DEVELOPMENT CORP. (OP. NO. 868730) FOR THE MIKESKA, B.J. (08293) LEASE, WELL NO. 1A, SPECK, NORTH (STRAWN) FIELD, CONCHO COUNTY, TEXAS FROM J & J SERVICES COMPANY (OP. NO. 427662) TO TRIANGLE P DEVELOPMENT CORP.

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 J & J Services Company (Operator No. 427662) and Triangle P Development Corp. (Operator No. 868730). By letter dated February 11, 2016, J & J Services Company ("J & J") 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. J & J did neither.
2. By Form P-4 dated November 30, 2015, Triangle P Development Corp. ("Triangle P") requested transfer of the Certificate of Compliance and Transportation Authority for the Mikeska, B.J. (ID# 08293) Lease, Well No. 1A, Speck, North (Strawn) Field, Concho County, Texas, from J & J to Triangle P, subject to Commission processing of an accompanying Form P-6. After processing of the Form P-6, the 403-acre Mikeska, B.J. (08293) Lease will be divided into the 363-acre Mikeska, B.J. (08293) Lease, Well No. 4A operated by J & J, and the 40-acre Mikeska Lease, Well No. 1A, operated by Triangle P.
3. By Form P-6, filed February 16, 2016 with the Commission, Triangle P seeks to acquire Well No. 1A and 40 acres out of the 403-acre Mikeska, B.J. Lease. The new lease will become known as the Miskeska Lease, with a lease ID number to be assigned after the Form P-6 is processed. After the Form P-6 is processed, the Mikeska, B.J. (08293) Lease will consist of 363 acres and contain only Well No. 4A, still operated by J & J.
4. By failing to respond to notice and opportunity for hearing, J & J chose to rely on informal disposition of the docket pursuant to Tex. Gov't Code §§2001.056 and 2001.062(e).

5. J & J's Form P-5 is in ACTIVE-EXT status. J & J has tendered financial security with the Commission in the form of a Letter of Credit in the amount of \$50,000, which will expire December 31, 2016.
6. Triangle P has a current, active Form P-5 with sufficient financial assurance to acquire the lease and wells in dispute. Triangle P has filed a \$25,000 Letter of Credit with the Commission as financial assurance, which will expire on March 1, 2017.
7. The subject Commission-recognized lease, the Mikeska, B.J. (08293) Lease, Well Nos. 1A and 4A, last reported production in June 2015, and has not reported production since.
8. 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."
9. Triangle P filed a "Termination of Lease" document for the north 403 acres of the James Hughes Survey No. 158, A-1729, Concho County, signed by Lessee Kippy Joiner for J & J Services, with an effective date of November 4, 2015.
10. Triangle P filed an oil and gas lease covering the north 40 acres of the 403-acre Mikeska, B.J. (08293) Lease from Lessor Mikeska Land Co. to Lessee Mikeska Stock Farms, with a primary term of one (1) year, signed November 4, 2015.
11. By letter dated February 8, 2016, Mikeska Stock Farms designated Triangle P as the operator of the Mikeska Lease, a 40-acre tract in the northwest corner of the James Hughes Survey No. 158, A-1729.
12. The current operator, J & J, did not present a "good faith claim" to operate the 403-acre Mikeska, B.J. (08293) Lease, and did not respond to a February 11, 2016 Commission letter requesting that it either provide a good faith claim to operate the subject lease or request a hearing.
13. Triangle P presented a valid lease, a letter from lessee designating Triangle P as its operator, and a Form P-6 subdividing the 403-acre Mikeska, B.J. (08293) Lease, Well Nos 1A and 4A, into the 363-acre Mikeska, B.J. (08293) Lease, Well No. 4A and the 40-acre Mikeska (lease number not yet assigned) Lease, Well No. 1A.
14. The "Termination of Lease" signed by J & J; the lease on the 40 acres in the northwest corner of the James Hughes Survey No. 158, A-1729 to Mikeska Stock Farms; the Form P-6 subdividing the 403-acre Mikeska, B.J. (08293) Lease, Well Nos. 1A and 4A; and the subsequent designation of Triangle P as lease operator by Mikeska Stock Farms provide Triangle P a good faith claim to operate, after processing of the accompanying Form P-6, the

40-acre Mikeska Lease and Well No. 1A.

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 current Commission-recognized operator, J & J Services Company (Op. No. 427662), of the Mikeska, B.J. (08293) Lease, Well Nos. 1A and 4A, did not present a good faith claim to operate the subject lease and wells.
4. J & J Services Company did not contest the P-4 transfer or Form P-6 subdivision of the subject lease and wells.
5. Triangle P Development Corp. (Op. No. 868730) has demonstrated a “Good Faith Claim” to operate what will become, after Commission processing of the submitted Form P-6, the 40-acre Mikeska Lease, Well No. 1A.

IT IS THEREFORE ORDERED that the application of Triangle P Development Corp. (Operator No. 868730) for the Form P-6 subdivision of the 403-acre Mikeska, B.J. (08293) Lease and the transfer of the Form P-4 “Certificate of Compliance and Transportation Authority” for the newly-formed 40-acre Mikeska Lease, Well No. 1A, Speck, North (Strawn) Field, Concho County, Texas, are 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 3rd day of May, 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
HD Unprotested Master Order dated
May 3, 2016)**