

OIL AND GAS DOCKET NO. 7C-0302149

APPLICATION OF LANDMASTER PARTNERS, INC. (OPERATOR NO. 484659) TO SUPERSEDE THE PROVISION IN THE FINAL ORDER ENTERED ON JUNE 9, 2015, IN OIL & GAS DOCKET NO. 7C-0285643, ORDERING CANNON OPERATING COMPANY LLC (OPERATOR NO. 129223) TO PLUG THE SYKES, B.C. (16985) LEASE, WELL NO. 2, HOLLOW CREEK (DOG BEND) FIELD, RUNNELS COUNTY, TEXAS, AND TO APPROVE LANDMASTER PARTNERS, INC. AS OPERATOR OF RECORD

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the above-captioned proceeding was heard by an Administrative Law Judge and Technical Examiner on November 21, 2016. 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 FACTS

1. Landmaster Partners, Inc. ("Landmaster") was given at least 10 days notice of this proceeding.
2. Landmaster holds Operator No. 484659.
3. Cannon Operating Company LLC ("Cannon") holds Operator No. 129223.
4. Cannon is the Form P-4 *Certificate of Compliance and Transportation Authority* ("Form P-4") operator of record for the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas.
5. Cannon became the operator of the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, by Form P-4 transfer with an effective date of August 1, 2010, and an approved date of October 19, 2010.
6. The Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, was ordered plugged by Commission Final Order dated June 9, 2015, in Oil & Gas Docket No. 7C-0285643.
7. Online Commission records reflect that the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, is not plugged.
8. On or about March 9, 2015, Landmaster submitted to the Commission a "dual-signature" Form P-4 requesting transfer of the Sykes, B.C. (16985) Lease, Well No. 2,

- Hollow Creek (Dog Bend) Field, Runnels County, Texas, from Cannon to Landmaster, as operator of record.
9. The “dual-signature” Form P-4 was executed by William Glen Baker, Manager, Cannon; and Richard Quintal, Vice President, Landmaster,
 10. Landmaster has an active Form P-5 *Organization Report*, which was first filed with the Commission on January 6, 2009.
 11. As its financial security, Landmaster submitted to the Commission a \$50,000 bond, which expires on May 31, 2017.
 12. Landmaster submitted into evidence 1) an Oil and Gas Lease dated September 17, 2015, purporting to cover the subject land, with a primary term of one (1) year; 2) a “work ticket” dated September 17, 2015, showing operations conducted on the subject well; and 3) a “daily volume statement: demonstrating production from the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, as its “good faith claim”.
 13. Landmaster demonstrated a “good faith claim” to operate the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas.
 14. 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.”
 15. Superseding the Commission Final Order dated June 9, 2015, in Oil & Gas Docket No. 7C-0285643, requiring that the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, be plugged, is necessary to prevent waste.
 16. Landmaster waived its right to the issuance of a Proposal for Decision, and elected to proceed with informal disposition of the matter.
 17. The Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, should be transferred from Cannon to Landmaster, as operator of record.

18. The provision in the Commission Final Order dated June 9, 2015, in Oil & Gas Docket No. 7C-0285643, requiring that the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, be plugged, should be superseded.

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. Landmaster has a “good faith claim” to operate the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas.
4. Landmaster has filed with the Commission financial assurance of the type and in the amount required under Texas Natural Resources Code § 91.107, to be approved as the operator the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas.
5. A Final Order superseding the provision in the Commission Final Order dated June 9, 2015, in Oil & Gas Docket No. 7C-0285643, requiring that the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, be plugged, is necessary to prevent waste.

IT IS THEREFORE ORDERED that the provision in the Commission Final Order entered on June 9, 2015, in Oil & Gas Docket No. 7C-0285643, requiring Cannon Operating Company LLC to plug the Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, is hereby superseded. All other provisions of the Final Order entered on June 9, 2015, shall remain in full force and effect.

It is further **ORDERED** that the Form P-4 *Certificate of Compliance and Transportation Authority* application of Landmaster Partners, Inc. for transfer of Sykes, B.C. (16985) Lease, Well No. 2, Hollow Creek (Dog Bend) Field, Runnels County, Texas, is hereby **APPROVED**, subject to the provisions of TEX. NAT. RES. CODE §§ 91.107, 91.114, 91.142 and TEX. ADMIN. CODE § 3.15.

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).

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

Done this January 24, 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(ORDER APPROVED AND SIGNATURES AFFIXED
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER
DATED JANUARY 24, 2017)**