

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7C-0310786

COMMISSION CALLED HEARING TO SUPERSEDE THE FINAL ORDER ISSUED DECEMBER 6, 2016 IN OIL & GAS DOCKET NO. 7C-0301860, REQUIRING PLUGGING OF WELL NO. 1B AND 5A ON THE MINZENMAYER, GILBERT (17358) LEASE, DORMAN, WEST (GOEN) FIELD, RUNNELS COUNTY, AND TO ENABLE HARDROCK RESOURCES INC. TO BECOME THE OPERATOR OF RECORD FOR WELL 2

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice the above-captioned proceeding was heard by a Commission Administrative Law Judge and Technical Examiner on September 17, 2018. Having been duly submitted to the Commission at a conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

Findings of Fact

1. Hardrock Resources Inc. ("Hardrock"), RRC Operator No. 356784, filed an application to supersede provisions in the Final Order ("Prior Order") entered on December 6, 2016, in Oil & Gas Docket No. 7C-0301860 requiring Ridglea Energy I, LLC ("Ridglea"), RRC Operator No. 711126, to plug the Minzenmayer, Gilbert Lease, Lease No. 17358 (the "Lease"), Well Nos. 1B and 5A (the "Non-Producing Wells"). With its application, Hardrock filed a Form P-4 *Certificate of Compliance and Transportation Authority* ("Form P-4") requesting that it be designated the operator of record for Well No. 2 ("Well No. 2") on the Lease. The Form P-4 did contain the signature of Ridglea, the current Commission operator of record for the Lease.
2. The Prior Order finds Ridglea does not have a good faith claim to operate the Lease and orders Ridglea to plug the Non-Producing Wells. Because of the Prior Order, there is an RRC hold preventing Hardrock from becoming the Commission record operator for Well No. 2.
3. On August 15, 2018, Commission staff sent a Notice of Hearing via first class mail to Hardrock, Ridglea and the complainant in Prior Order case setting a hearing date of September 17, 2018. Consequently, all parties received more than 10 days' notice. The Notice of Hearing contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the

- statutes and rules involved; and (4) a short and plain statement of the matters asserted.
4. The hearing was convened on September 17, 2018. Hardrock appeared. Neither the complainant from the prior case (Docket No. 7C-0301860) nor Ridglea appeared.
 5. At the hearing Hardrock presented documentation and testimony that:
 - a. Ridglea assigned its right to operate Well No. 2 to Hardrock.
 - b. There is a pooled unit containing the tract where the Lease is.
 - c. The pooled unit is producing.
 - d. Consequently, the contractual lease Hardrock relies on has not terminated.
 6. Ridglea does not have a good faith claim to operate Well No. 2.
 7. Hardrock has demonstrated a good faith claim to a continuing right to operate Well No. 2.
 8. Well No. 2 should be transferred to Hardrock as operator of record.

Conclusions of Law

1. Proper notice of hearing was timely issued to persons entitled to notice. *See, e.g.*, TEX. GOV'T CODE § 2001.051; 16 TEX. ADMIN. CODE §§ 1.42.
2. The Commission has jurisdiction in this case. *See, e.g.*, TEX. NAT. RES. CODE § 81.051.
3. Ridglea does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating Well No. 2. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. Hardrock does have a good faith claim to operate Well No. 2.

Ordering Provisions

IT IS THEREFORE ORDERED that the provision in the Prior Order placing a transfer hold on Well No. 2 is hereby superseded. All other provisions of the Prior Order shall remain in full force and effect.

IT IS ORDERED that the application of Hardrock to change the RRC operator of record for Well No. 2 is **APPROVED** and Hardrock's submitted Form P-4 *Certificate of Compliance and Transportation Authority* reflecting itself as the current operator for the

Lease is hereby **APPROVED** subject to the provisions of TEX. NAT. RES. CODE §§ 91.1041, 91.1042, 91.107, 91.114, 91.142 and TEX. ADMIN. CODE § 3.15, 3.58, and 3.78 and any other Commission rules or statutes. If after 90 days after the order becomes final, Hardrock has not met the requirements of the listed provisions, this Final Order shall be **VOID** and the subject Form P-4 shall be marked as *Unable to Process* and archived.

IT IS ORDERED that the transfer hold on Well No. 2 due to the Prior Order be canceled to allow transfer of Well No. 2 to Hardrock.

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

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) and 16 TEX. ADMIN. CODE § 1.128(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 100 days from the date the Commission Order is signed.

Done this 16th day of October 2018, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated October 16,
2018)

JNC/mls