

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

CASE NO: 8:09-cv-87-T-26TBM

ARTHUR NADEL; SCOOP CAPITAL, LLC;
and SCOOP MANAGEMENT, INC.,

Defendants,

SCOOP REAL ESTATE, L.P.;
VALHALLA INVESTMENT PARTNERS, L.P.;
VALHALLA MANAGEMENT, INC.;
VICTORY IRA FUND, LTD.; VICTORY FUND, LTD.;
VIKING IRA FUND, LLC; VIKING FUND, LLC;
and VIKING MANAGEMENT, LLC,

Relief Defendants.

ORDER

BEFORE THE COURT is the matter concerning “The Hatchett Lease” as referenced in the Order entered March 22, 2017, after an evidentiary hearing held that same day (Dkt. 1272). As part of that order, the proceedings before the Texas Railroad Commission relating to Quest Energy Management Group, Inc., were enjoined, and the parties were directed to file memoranda of law addressing whether “The Hatchett Lease”

expired on April 15, 2016. The following submissions are before the Court: (1) The Receiver's Memorandum on the Hatchett Lease (Dkt. 1285) and the Declaration of Jeffrey C. Rizzo with attachments (Dkt. 1286); (2) the Brief filed by Byron W. Hatchett (Dkt. 1287); and (3) the Brief on the Status of the Hatchett Lease Post Primary Term and Whether the Receiver has any Claim to the Lease or Lease Equipment in his Capacity as Receiver for Quest Energy Management Group, Inc., filed by John Hatchett Carney (Dkt. 1288).¹ After careful consideration of the evidence and testimony presented on March 22, 2017, the supplemental memoranda of the parties and additional submissions, and the applicable law, the Court concludes that the lease has expired.

PERTINENT FACTS

In these receivership proceedings, Quest Energy Management Group, Inc. (Quest) holds three leases under the receiver's care.² The motion at hand involves one oil and gas lease which covers land in Callahan County, Texas, consisting of twenty-seven tracts with 4,346.63 mineral acres as part of the Hatchett Ranch (the Hatchett lease). While there are numerous lessors to the Hatchett lease, only two have appeared in these particular proceedings: John Hatchett Carney and Byron Hatchett who inherited the lease. Pursuant to its terms, Quest maintains eleven out of ninety wells on three fields. Quest executed

¹ Both Byron Hatchett and John Carney appear *pro se*.

² See docket 1285-1, page 8.

the paid-up five-year lease on April 15, 2011, and became a part of this receivership on May 24, 2013.³ The habendum clause of the lease provides:

3. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 5 years from this date (called “primary term”) and as long thereafter as oil and/or gas is produced from said land thereunder, and royalties are fully and timely paid as required herein.⁴

Depending on whether gas is or is not being produced at the close of the primary term of the lease, the following clause sets forth under what circumstances the lease will continue:

5. If at the expiration of the primary term, oil or gas is not being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil

³ See docket 1024 (order expanding scope of receivership to include Quest).

⁴ See docket 1286-9. The primary term is thus defined as five years from April 15, 2011.

or gas, so long thereafter as oil or gas is produced from said land. . . .⁵

The default clause reads as follows:

7. In the event of a breach or default by Lessee of any provision of this Lease, and such breach or default is not cured within 60 days of written notice to Lessee, this Lease shall terminate as to all lands covered hereby.⁶

The provision applicable to removal of surface equipment after termination of the lease provides:

18. Lessee shall, within 120 days from the date of termination of this lease, remove all surface equipment and facilities or, after said 120 day period at the option of the surface owner, such equipment and facilities shall be considered abandoned and become owned by surface owner. It is specifically understood that wellhead and subsurface casing pipe and equipment shall remain the property of the Lessee.⁷

Over time, wells have been closed on the property since long before the receiver took control in 2013. During the primary term of the lease, in 2015 and 2016, there were discussions among the receiver and Quest employees relating to the drilling of new wells on the Hatchett Ranch.⁸ Although approximately forty barrels of oil had been flowing into a tank beginning in October 2015, the flow stopped in January 2016 according to

⁵ See docket 1286-9.

⁶ See docket 1286-9.

⁷ See docket 1286-9.

⁸ See docket 1285-1, pages 26-27 (transcript of hearing held March 22, 2017).

Chad Gray, who was the overseer of the property for Quest and then for the receiver.⁹ In February 2016, he obtained another rig to perform a workover of the well.¹⁰ After that particular well did not flow successfully again, in March or April 2016, Gray began the preliminary tasks for drilling a well.¹¹ On April 8, 2016, H-15 testing was performed on various wells under the Hatchett Lease.¹² The receiver was actively engaged in attempting to drill a new well as evidenced by a survey, geological report, discussions with drillers and staking a location.¹³ On September 26, 2016, he obtained a permit to drill a new well.¹⁴

At the hearing, Gray testified that, to the best of his recollection, at some point in July, August, or September 2016, he stopped all activities on the land and ceased checking on the land per instructions from the receiver.¹⁵ On October 6, 2016, pursuant to the terms of the Hatchett lease, the receiver tendered a check on behalf of Quest for \$1,500 to begin drilling the new well.¹⁶ On October 14, 2016, John Carney sent a letter to

⁹ See docket 1285-1, pages 22-23.

¹⁰ See docket 1285-1, pages 23-24.

¹¹ See docket 1285-1, pages 78-79.

¹² See docket 1286, page 3.

¹³ See docket 1285-1, pages 53-56.

¹⁴ See docket 1285-1, page 24; and docket 1286-7, pages 3-4.

¹⁵ See docket 1285-1, pages 25-26.

¹⁶ See docket 1286-7.

the receiver on the letterhead of Hatchett Land & Development Co. LLC, and signed as manager.¹⁷ The letter terminated the lease and stated in relevant part:

YOU ARE ADVISED THAT ANY ENTRY BY YOU OR ANY ONE PURPORTING TO BE ACTING ON YOUR BEHALF ONTO THE HATCHETT RANCH IS TRESPASSING. YOU HAVE FORFEITED ANY AND ALL RIGHTS TO SALVAGE ANY EQUIPMENT OR PIPELINE.

In compliance with the letter, the receiver told Quest not to enter the property.¹⁸ Gray testified that when he was told to stop visiting the property, the rig was going to be brought to the property in the next two weeks to begin drilling a new well.¹⁹ Gray testified that the receiver never intended to leave the land idle.²⁰

Although Gray testified that seventy barrels of oil were in the holding tanks at the time Quest was prohibited from coming on the property, the receiver has submitted a sworn statement from his office stating that Quest currently holds ninety barrels of oil on the premises.²¹ The receiver also stated in the Verified Emergency Motion to Enjoin/Stay Texas Railroad Commission Administrative Proceeding, which led to these proceedings, that 200 barrels of oil had been produced and a total of ninety barrels of oil were on hand ready for

¹⁷ See docket 1286-8.

¹⁸ See docket 1285-1, page 25.

¹⁹ See docket 1285-1, page 26.

²⁰ See docket 1285-1, page 28.

²¹ See docket 1285-1, page 27 (Gray) and docket 1286, page 4 (paralegal Rizzo).

sale, as well as 11,000 MCF of natural gas was produced and sold.²² The testimony of Gray clarified that the 200 barrels of oil were produced before the receiver took over operations in 2013.²³ Gray testified that when the receiver was in control, 170 to 176 barrels were sold, but no oil was produced other than from the injection well.²⁴

DISCUSSION

Receiver's Position

The receiver argues that the lease did not expire on April 16, 2016, because Quest was actively engaged in reworking operations at that time, notice of breach or default was not given pursuant to the clear terms of the Hatchett lease, and the receiver was never given the opportunity to cure any default or recover the equipment per the terms of the lease. The receiver claims the simultaneous notice of termination and ousting are tantamount to wrongful repudiation under the law of Texas. The receiver argues that the termination letter of October 14 did not constitute notice of breach under paragraph 7 of the Hatchett lease. Even if it did, by denying access to the land, Carney effectively prevented the receiver from attempting to cure the breach. Finally, the receiver invokes equitable estoppel to prohibit the Hatchetts from claiming the lease terminated in April 2016. Not only will the Hatchetts, as general creditors, receive wrongful priority over the

²² See docket 1261, page 6.

²³ See docket 1285-1, pages 34-35 and 38.

²⁴ See docket 1285-1, pages 36-37.

defrauded victims of the Ponzi scheme, but they will be rewarded for maintaining their silence and inaction while the receiver continued activities on the property past April 16 for six additional months only to have Carney refuse access to the Hatchett Ranch.

Carney's Position

John Carney argues that the Hatchett lease expired by operation of law on April 16 with no production in paying quantities at that time. He claims the receiver breached his duties under the Hatchett lease from May 2013, when he took control of the operations, through the expiration of the lease. The breaches include causing an oil spill from negligently maintained and designed oil waste pits, failing to maintain roads, failing to close wells, failing to pay royalties, failing to account for sales made, and refusing to file a release of claim as to the lease. He claims that the receiver “shut-in” the last two of twelve producing wells and erroneously applied for an extension to plug an inactive well on April 18.²⁵ In his words, “not on[e] drop of oil prosecuted from a permitted oil and/or gas well, and flow back from a salt water injection well does not constitute production, let alone production in paying quantities.”²⁶ In short, he makes it abundantly clear that he believes the receiver caused all of the problems on the property and merely attempted to workover a single well.

Hatchett's Position

²⁵ See docket 1288, pages 3-4.

²⁶ See docket 1288, pages 3-4.

Hatchett correctly frames the issue as whether the receiver met the requirements to extend the primary term of the habendum clause into the secondary term to perpetuate the lease. He contends that the undisputed evidence at the hearing showed that the wells covered by the Hatchett lease were shut in, or closed, some time in 2013. Because there was no production or commencement of operations to obtain production during the time the receiver was in control, he argues, the lease expired April 16. Quest's failure to pay the royalties for the sale of 11,000 MCF of natural gas that occurred before the receiver took over operations constitutes a further breach of the habendum clause. He argues that the planning, discussing, consulting of a geologist and drilling companies, obtaining a permit, and staking a location does not satisfy commencement of operations per the terms of the lease or case law. See Ridge Oil Co, Inc. v. Guinn Invs., Inc., 148 S.W.3d 143 (Tex. 2004).

Extending per the terms of the Hatchett Lease

The habendum clause in an oil and gas lease determines the duration of the lease. PEC Minerals, Inc. v. Chevron U.S.A., Inc., 439 F. App'x 413, 416 (5th Cir. 2011) (unpublished order). Under Texas law, the "primary term" is a fixed period determined by the habendum clause of the lease, which is followed by a "secondary term," an indefinite period of time per the terms of the lease, usually as long after the primary term as gas is produced. In re Energytec, Inc., 2009 WL 5101765 (Bankr. E.D. Tex. Dec. 17, 2009) (citing Anadarko Petroleum Corp. v. Thompson, 94 S.W.3d 550, 554 (Tex. 2002)).

The habendum clause is often modified by a “continuous drilling or continuous operations” clause which acts to prevent the lease from expiring at the end of the primary term. Sutton v. SM Energy Co., 421 S.W.3d 153, 158 (Tex. App. 2013). Unless the lessee has met the requirements of the continuous operations clause or other savings clause, the lease will typically “automatically terminate[] if actual production permanently ceases during the secondary term.” Anadarko, 94 S.W.3d at 554.²⁷

The habendum clause, which is paragraph 2 in the Hatchett lease, states that the lease will continue past the primary term “so long thereafter as oil and/or gas is produced” and royalties paid. “Produced” means “production in paying quantities.” In re Energytec, Inc., 2009 WL 5101765, at *4 (citing Anadarko Petroleum, 94 S.W.3d at 554); BP Am. Prod. Co. v. Red Deer Resources, Inc., 2017 WL 1553112, at *3 (Tex. April 28, 2017) (not yet final) (reiterating under Texas law that word “produce” in a habendum clause “is synonymous with the phrase ‘producing in paying quantities’” and citing Hydrocarbon Mgmt., Inc. v. Tracker Expl., Inc., 861 S.W.2d 427, 432 n.4 (Tex. App. 1993)). The “continuous drilling or operations” clause of Paragraph 5 is a savings clause that modifies under certain circumstances the duration of the lease described in paragraph 2.

²⁷ See also Cobb v. Natural Gas Pipeline Co., 897 F.2d 1307, 1309 (5th Cir. 1990) (“The rule in Texas is that upon permanent cessation of production after the primary term, a mineral lease automatically terminates.”). “If the lease’s primary term expires when there is non-production and the lessee fails to comply with any savings clause in the lease, the lease and the lessee’s determinable fee interest ‘automatically terminates’ . . . and the fee interest reverts to the lessor without the lessor taking any legal action.” BP Am. Prod. Co. v. Marshall, 228 S. W. 3d 430, 451 (Tex. App. 2008) (citing W.T. Waggoner Estate v. Sigler Oil Co., 118 Tex. 509, 19 S.W.2d 27, 30 (1929)), reversed on other grounds, 342 S.W.3d 59 (Tex. 2011).

The continuous operations clause contemplates that the lease would continue at the expiration of the primary term, if oil *is not* being produced but the lessee is engaged in “drilling or reworking operations” within 60 days prior to the end of the primary term “so long as operations on said well or for drilling or reworking of any additional wells are prosecuted with no cessation of more than 60 consecutive days” and the drilling or reworking results in the production of oil. If this scenario results in the production of oil, then Quest may hold the lease until the cessation of production for any reason, unless Quest “commences operations for drilling or reworking within 60 days from cessation.” The lease defines what constitutes temporary, as opposed to permanent, cessation of production for the extended lease. See Cobb v. Natural Gas Pipeline Co., 897 F.2d 1307, 1309 (5th Cir. 1990). Thus, if the cessation of production is for more than sixty consecutive days after extension of the lease, it is not regarded as temporary under the express terms of the Hatchett lease. Woodson Oil Co. v. Pruett, 281 S.W.2d 159, 164-65 (Tex. Civ. App. 1955) (“If reworking or additional operations are not begun within the sixty-day period the lease terminates by its own provisions.”).²⁸

The Hatchett lease further defines “commencement of operations” for drilling a well in paragraph 20 as “having a rig capable of drilling to the proposed permitted depth

²⁸ For a case interpreting almost the same continuous operations clause as in the Hatchett lease, see also Prize Energy Resources, L.P. v. Cliff Hoskins, Inc., 345 S.W.3d 537, 553 (Tex. App. 2011) (“[T]he life of the secondary term of the Leases was dependent on the continuation of operations with no interruption of more than sixty consecutive days [and therefore] . . . Leases automatically terminated according to their express language, without the need for any legal action by the lessors.”).

of a well on the well location, with all necessary equipment and pits in place, and with subsurface drilling operations ongoing as of the date the lease would otherwise terminate.”²⁹ The lease defines “non-production of oil” as “ production of less than 15 barrels during any 60 day period” after termination of the primary term.³⁰ Against this backdrop, the evidence must be examined in relation to the terms of the lease and Texas law to determine if or when the lease expired.

Evidence of Operations

First, the Court must find whether oil was being produced on April 16, the expiration date, and if not, whether drilling or reworking operations were ongoing within 60 days before the expiration of the primary term. As a preface, before the receiver took over, Quest had four active wells out of eleven total wells on the property.³¹ All of those wells save one were shut in at some point before the receiver’s time.³² Given the complaints in this proceeding lodged by Carney, it is also well worth noting that as of October 2015, Quest was using a workover rig to repair some existing wells which thereafter began producing.³³ At some point thereafter, Quest began having problems

²⁹ See docket 1286-9.

³⁰ See docket 1286-9.

³¹ See docket 1285-1, page 33.

³² See docket 1285-1, pages 33-34. A shut-in well is one that is capable of producing but is not presently producing. A well is plugged if it has been permanently closed or abandoned.

³³ See docket 1285-1, page 21.

with the injection well and, after repair, the injection well began producing oil.³⁴ The total production from mid-October through mid-February, four months, equaled forty barrels.³⁵

Minimal production was coming out of the one well that was producing until mid-February of 2016.³⁶ Gray testified that in February he brought in a rig to perform workover operations on a well.³⁷ In any event, at that point in time the receiver began serious efforts to attempt to begin drilling a new well on the property.³⁸ Locations were identified, and surveys were obtained as well as geologist reports.³⁹ The location was staked, but the pit was never built.⁴⁰ A drilling permit was applied for from the Railroad Commission. The permit was granted on September 26.⁴¹ On October 6, a check was sent to Carney in accord with the provisions of the lease to pay a pre-drilling fee, although

³⁴ See docket 1285-1, page 22.

³⁵ See docket 1285-1, page 23. At this juncture in mid-February 2016, the injection well was “producing” as the forty-barrel quantity over 120 days does not fall within the lease definition of “non-production of oil.”

³⁶ See docket 1285-1, pages 14 and 23.

³⁷ See docket 1285-1, pages 58-59.

³⁸ See docket 1285-1 pages 14 and 24. Although efforts began in earnest at this time, it had always been the receiver’s intent to drill a new well. See docket 1285-1, pages 27-28.

³⁹ See docket 1285-1 pages 14, 24 and 54.

⁴⁰ See docket 1285-1, pages 39 and 54.

⁴¹ See docket 1286-7.

Carney denied having received it.⁴² Arrangements had been made to bring a rig onto the property.⁴³ On October 14, Carney threatened trespass if Quest entered the property again.⁴⁴ Actual drilling had not begun as of April 16 or as of the date of the hearing. No barrels of oil produced under the receiver's control were sold; however, 176 barrels of oil produced before the receiver came on board were sold by the receiver.⁴⁵

Distilling the evidence in terms of the lease, there was no producing well on April 16. During the sixty days before April 16, efforts were made to attempt to drill a new well. Geologists reports and surveys were obtained, and locations were identified and one location staked. Arrangements were made for a rig, but the rig was not to arrive until two weeks after the surface damages check was sent to Carney on October 6. The evidence is unclear as to the precise date of the application for a drilling permit; however, the permit was not issued until September 26. The Court must look to applicable law to determine if the activities for the sixty-day period before April 16 satisfy the habendum clause and continuous operating clause to extend the lease beyond April 16.

⁴² See docket 1285-1, page 15, docket 1286-7 (correspondence enclosing check and copy of check), and docket 1286-9. Paragraph 12 provides that the lessee shall pay \$1500 "as surface damage for each well location . . . the money to be paid before each well . . . location is commenced."

⁴³ See docket 1285-1, page 26. ("we had the drilling rig lined up to show up, I believe it was going to show up within the next two weeks to drill a well. I was told to just halt on that and not step on the property.").

⁴⁴ See docket 1285-1, pages 24-25.

⁴⁵ See docket 1285-1, page 38.

Many cases have discussed and determined what constitutes sufficient “drilling or reworking operations” to perpetuate an oil and gas lease. See Quinn Invs., Inc., 148 S.W.3d at 158-160 (and cases cited therein). In Quinn, the Texas Supreme Court found that even assuming a stake had been driven into the well site, a drilling permit had been obtained, and surface damages had attempted to be paid, all during the crucial period, these three facts did not raise a question as to whether they amounted to operations sufficient to sustain the lease. 148 S.W.3d at 158. It is difficult to overlook or distinguish the evidence given regarding either workover or drilling operations during the sixty days prior to April 16 in this case. The Court finds that all of the preparations and negotiations for attempting to drill that occurred before April 16 did not satisfy the habendum clause to extend the lease. The evidence is unequivocal that the permit was not obtained until September 2016, and the surface damages were not delivered until October 6. Even applying the lease’s definition of commencement of operations, the evidence does not show that pits were in place or subsurface drilling operation was ongoing at any time before Carney ordered Quest off the property.

Assuming the drilling or reworking operations were found to have extended the lease past April 16, the parties contemplated in the lease that such operations must not temporarily cease for longer than sixty days in a row or the lease would then expire. More than sixty days passed after April 16 without a drilling permit, surface damages

paid, or any bulldozing or the like occurring toward the production of oil. By the time the drilling permit was obtained and surface damages were tendered, the lease had expired.

While it is true that the lessors stood silent about the expiration of the lease until Carney sent the letter of October 14, except some lessors other than Carney and Byron Hatchett who continued negotiations with the receiver after April 16, equitable principles cannot breath life into the lease once it expired apart from the conduct of the lessors.⁴⁶ The Court is well aware that the lessors will be rewarded for maintaining their silence and inaction while the receiver continued activities on the property past April 16 for six additional months at which time Carney then refused to let them gain access to the Hatchett Ranch. There is no doubt that the receiver tried in earnest after the one well ceased production in mid-February to commence drilling or reworking operations before April 16 and before October 14.⁴⁷

Although his efforts do not satisfy the case law's and lease's requirements to extend the lease, the Court further finds that the evidence presented regarding the oil spill is inconclusive at best. The root of the pollution allegedly arose from a workover pit that

⁴⁶ In any event, the evidence did not affirmatively show that royalties had been paid in accordance with the habendum clause.

⁴⁷ The Court is well aware that the lessors as general creditors will be prioritized over the defrauded investors contrary to accepted principles. See, e.g., Quilling v. Trade Partners, Inc., 2006 WL 2694629, at *1 (W.D. Mich. 2006); see also docket 776 (order adopting priority of claims as set forth in motion) and docket 675 at page 19 (motion giving lowest priority to non-investor unsecured claims).

was “illegal” due to improper design.⁴⁸ Gray testified that oil was never left in the workover pits over his time maintaining the lease.⁴⁹ He testified that he never saw oil in the dirt pit, and any rain water in the dirt pit would have been drained.⁵⁰ His testimony was that there is no requirement to place a berm around a workover pit.⁵¹

H-15 testing was performed on some of the existing wells on April 8.⁵² The receiver stated that Quest is not in violation of any plugging obligations.⁵³ Gray testified that there were no incidents of contamination or further disrepair of the roads on the property.⁵⁴ Testimony revealed that many others use the roads for hunting, four-wheeling,

⁴⁸ See docket 1285-1, pages 28-29.

⁴⁹ See docket 1285-1, page 29.

⁵⁰ See docket 1285-1, pages 42-44.

⁵¹ See docket 1285-1, page 56.

⁵² See docket 1286, paragraph 9. According to the website for the Railroad Commission of Texas, “The H-15 test is required to establish that an inactive well over 25 years old does not pose a potential threat of harm to natural resources, including surface and subsurface water, oil and gas.” www.rrc.state.tx.us/about-us/resource-center

⁵³ See docket 1286-1, page 16.

⁵⁴ See docket 1285-1, pages 30-32. The following testimony was elicited from Gray:

[Question:] What was the condition of the roads at the time you were told to no longer enter the Hatchett land?

[Answer:] Some of the roads are gravel, harder gravel roads, some of the roads are just dirt, and if it rains you can sink that deep. I mean, I would say overall they’re under good but not poor.

[Question:] Are you familiar with any allegation – with any actual contamination that had happened because of any of the operations that you were engaged in on behalf of Quest?

[Answer:] [I]f there was a contamination that had gotten into Possum Kingdom Lake, . . . The EPA would not – I mean, that’s

and cattle ranching on the property.⁵⁵ The Court agrees with the receiver that the evidence shows no significant deterioration of the existing roads can be traced to the receiver's watch.⁵⁶ The evidence did not prove that the lands and waters on the property were polluted or that the roads had not been maintained, and the evidence shows no negligence or malfeasance on the part of the receiver.

Equipment on the Property

As of the time Quest was prohibited from entering the property, \$200,000 to \$225,000 worth of equipment remained.⁵⁷ Hatchett argues that the 120 days for removal of the equipment ran until August 15, 2016, at which time the equipment was considered abandoned. As is evident from the difficulty in determining the expiration date of the Hatchett lease, neither the receiver nor Carney and Hatchett unequivocally knew the lease had expired until this date. In October 2016, Carney abruptly foreclosed the receiver

just a no-no. It would have been on every news – they would have shut every road down in the way. I mean, that's a major water source, so I don't know how we determine – how anybody determined that pollution got in a lake 80 miles away.

[Question:] During the time you were operating on behalf of Quest, did the Railroad Commission ever indicate to Quest or to you that there was any spillage or contamination issues?

[Answer:] No, as far as I know we're not in any violation with Railroad Commission as far as contaminants.

⁵⁵ See docket 1286-1, pages 17 and 30.

⁵⁶ See docket 1286-1, page 17.

⁵⁷ See docket 1285-1, page 27.

from entering the property to remove the equipment before it could be deemed abandoned.

It is therefore **ORDERED AND ADJUDGED** that the Hatchett lease has expired and is no longer part of the Quest receivership. The receiver has **90 days** from this date to retrieve the equipment without interference.

DONE AND ORDERED at Tampa, Florida, on June 1, 2017.

s/Richard A. Lazzara

RICHARD A. LAZZARA
UNITED STATES DISTRICT JUDGE

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