

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 01-0301650**

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**IN RE: SINGLE SIGNATURE P-4 TRANSFER OF RECORD OPERATOR FOR THE VALOIS LEASE (LEASE NO. 09450), BATEMAN (AUSTIN CHALK) FIELD, BASTROP COUNTY, TEXAS, FROM FOYORO ENERGY, LLC (OPERATOR NO. 282057) TO RANNIC INC. (OPERATOR NO. 693638)**

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**FINAL ORDER**

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Foyoro Energy, LLC failed to request a hearing and did not otherwise respond such that this docket can proceed as a default. This proceeding 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. On September 6, 2016, Rannic Inc. (“Rannic”), RRC Operator No. 693638, filed a single-signature Form P-4 “Certificate of Compliance and Transportation Authority” (“Form P-4”) requesting that it be designated the Commission operator of record for the Valois Lease (the “Lease”), Lease No. 09450. The Form P-4 did not contain the signature of the current operator of record for the Lease.
2. Foyoro Energy, LLC (“Foyoro”), RRC Operator No. 282057, is the current Commission operator of record for the Lease. The Lease currently contains seven wells.
3. In a letter dated September 8, 2016, a Commission Administrative Law Judge (“ALJ”) requested in writing that Foyoro either: (1) provide evidence that it holds a “good faith claim” to a continuing right to operate the referenced property; or (2) request a hearing on the matter on or before October 10, 2016. This writing expressly notified Foyoro that failure to timely request a hearing would constitute waiver of the provided opportunity to request a hearing for this proceeding.
4. 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).

5. Foyoro failed to provide evidence that it holds a good faith claim to a continuing right to operate the Lease, failed to respond to the ALJ's September 8, 2016 letter, and failed to request a hearing.
6. At least ten days' notice of an opportunity for hearing was given to Rannic and Foyoro.
7. Foyoro is delinquent in filing the annual Commission Organization Report (Form P-5).
8. Foyoro became the RRC operator of record for the Lease in April 2013. There has been no reported production for the Lease since April 2013.
9. To demonstrate its good faith claim to operate the Lease, Rannic presented:
  - a. A notarized General Warranty Deed filed in Bastrop County in which the President of Rannic, Roger Valois, and his wife Rietha A. Valois own the real property and mineral rights where the Lease is located; and
  - b. A written statement by Mr. Valois that he has designated Rannic to be the operator of the Lease.
10. Rannic has a current annual Commission Organization Report (Form P-5) with a \$25,000 line of credit as its financial assurance. Rannic is currently the record operator of only one well, not counting the wells on the Lease. Rannic has sufficient financial assurance to operate the wells on the Lease. Rannic's status at the Commission is active. *See* 16 TEX. ADMIN. CODE § 3.78(d) and (g).
11. Foyoro does not have a good faith claim to operate the Lease.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Foyoro was provided an opportunity to request a hearing and failed to do so.
13. Rannic has demonstrated a good faith claim to a continuing right to operate the Lease.
14. The Lease should be transferred to Rannic as operator of record.

### **CONCLUSIONS OF LAW**

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice. *See, e.g.,* TEX. GOV'T CODE § 2001.051; 16 TEX. ADMIN. CODE § 1.45(a).
2. The Commission has jurisdiction in this case. *See, e.g.,* TEX. NAT. RES. CODE § 81.051.
3. Foyoro does not have a "good faith claim," as that term is defined in Statewide Rule 15(a)(5), to continue operating the Lease. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. Rannic does have a good faith claim to operate the Lease.

**IT IS THEREFORE ORDERED** that the application of Rannic to change the RRC operator of record for the Lease is **APPROVED** and Rannic's submitted Form P-4 "Certificate of Compliance and Transportation Authority" reflecting itself as the current operator for all wells on the Lease is hereby **APPROVED** subject to the provisions of TEX. NAT. RES. CODE §§ 91.107, 91.114 and 91.142, and 16 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). 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 § 1.149(c), 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 15<sup>th</sup> day of November 2016, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

(Order approved and signatures affixed by HD  
Unprotested Master Order date November 15, 2016)

JNC/rmf