

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 09-0308339**

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**IN RE: TRANSFER OF RECORD OPERATOR FOR THE REGAL - BOONSVILLE (272061) LEASE, WELL NO. 3H, NEWARK, EAST (BARNETT SHALE) FIELD, WISE COUNTY, TEXAS; THE REGAL - BOONSVILLE (259963) LEASE, WELL NO. 1H, NEWARK, EAST (BARNETT SHALE) FIELD, WISE COUNTY, TEXAS; AND THE REGAL - BOONSVILLE (272062) LEASE, WELL NO. 2H, NEWARK, EAST (BARNETT SHALE) FIELD, WISE COUNTY, TEXAS**

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**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 Facts and Conclusions of Law.

**FINDINGS OF FACT**

1. At least ten days' notice was given to Regal Energy Operating, L.L.C. (Operator No. 698741), ("Regal"), and Mid Texas Natural Gas (Operator No. 564606), ("Mid").
2. Regal is the operator of record for the Regal - Boonsville (272061) Lease, Well No. 3H, Newark, East (Barnett Shale) Field, Wise County, Texas.
3. Regal is the operator of record for the Regal - Boonsville (259963) Lease, Well No. 1H, Newark, East (Barnett Shale) Field, Wise County, Texas.
4. Regal is the operator of record for the Regal - Boonsville (272062) Lease, Well No. 2H, Newark, East (Barnett Shale) Field, Wise County, Texas.
5. On or about December 11, 2017, Mid submitted to the Commission Forms P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Regal - Boonsville (272061) Lease, Well No. 3H, Newark, East (Barnett Shale) Field, Wise County, Texas; the Regal - Boonsville (259963) Lease, Well No. 1H, Newark, East (Barnett Shale) Field, Wise County, Texas; and the Regal - Boonsville (272062) Lease, Well No. 2H, Newark, East (Barnett Shale) Field, Wise County, Texas, as operator of record.
6. All Commission correspondence to Regal was sent via United States Postal Service 1<sup>st</sup> class mail to Regal's most recent address of record, as set forth on Regal's most recent Form P-5 *Organization Report*.

7. All Commission correspondence to Mid was sent via United States Postal Service 1<sup>st</sup> class mail to Mid's address of record, as set forth on Mid's most recent Form P-5 *Organization Report*.
8. On or about December 18, 2017, the Administrative Law Judge requested in writing that Regal 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 January 22, 2018. This writing expressly notified the operator that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing on the matter.
9. Mid has an active Form P-5, with adequate financial assurance on file with the Commission.
10. Regal has an inactive Form P-5 without sufficient financial assurance to operate the leases and wells in dispute.
11. 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."
12. Since December 2015, the Regal - Boonsville (272061) Lease, Well No. 3H, Newark, East (Barnett Shale) Field, Wise County, Texas, has either reported zero production or has not reported production.
13. Since December 2015, the Regal - Boonsville (259963) Lease, Well No. 1H, Newark, East (Barnett Shale) Field, Wise County, Texas, has either reported zero production or has not reported production.
14. Since December 2015, the Regal - Boonsville (272062) Lease, Well No. 2H, Newark, East (Barnett Shale) Field, Wise County, Texas, has either reported zero production or has not reported production.
15. Mid presented an oil, gas, and mineral lease dated November 15, 2017, purporting to cover the subject property, for a primary term of 18 months, as a "good faith claim" to operate the Regal - Boonsville (272061) Lease, Well No. 3H, Newark, East (Barnett Shale) Field, Wise County, Texas; the Regal - Boonsville (259963) Lease, Well No. 1H, Newark, East (Barnett Shale) Field, Wise County, Texas; and the Regal - Boonsville (272062) Lease, Well No. 2H, Newark, East (Barnett Shale) Field, Wise County, Texas.
11. Regal failed to reply to the Administrative Law Judge's letter dated December 18, 2017, with any documents that it holds a "good faith claim" to a continuing right to operate the referenced property and failed to timely request a hearing.
12. Regal does not have a "good faith claim" to operate the referenced property.

13. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Regal and Mid waived the opportunity to request a hearing on the matter.
14. Mid has a “good faith claim” to a continuous right to operate the referenced properties.
15. The Regal - Boonsville (272061) Lease, Well No. 3H, Newark, East (Barnett Shale) Field, Wise County, Texas; the Regal - Boonsville (259963) Lease, Well No. 1H, Newark, East (Barnett Shale) Field, Wise County, Texas; and the Regal - Boonsville (272062) Lease, Well No. 2H, Newark, East (Barnett Shale) Field, Wise County, Texas, should be transferred to Mid as operator of record.

### 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. Resolution of this docket is a matter committed to the jurisdiction of the Commission. TEX. GOV'T CODE §§ 81.051.
4. Regal does not have a “good faith claim” to continue to operate the Regal - Boonsville (272061) Lease, Well No. 3H, Newark, East (Barnett Shale) Field, Wise County, Texas; the Regal - Boonsville (259963) Lease, Well No. 1H, Newark, East (Barnett Shale) Field, Wise County, Texas; and the Regal - Boonsville (272062) Lease, Well No. 2H, Newark, East (Barnett Shale) Field, Wise County, Texas.
5. Mid has a “good faith claim” to operate the Regal - Boonsville (272061) Lease, Well No. 3H, Newark, East (Barnett Shale) Field, Wise County, Texas; the Regal - Boonsville (259963) Lease, Well No. 1H, Newark, East (Barnett Shale) Field, Wise County, Texas; and the Regal - Boonsville (272062) Lease, Well No. 2H, Newark, East (Barnett Shale) Field, Wise County, Texas.

**IT IS THEREFORE ORDERED** that the application of Mid Texas Natural Gas for transfer of the Forms P-4 “Certificate of Compliance and Transportation Authority” for the Regal - Boonsville (272061) Lease, Well No. 3H, Newark, East (Barnett Shale) Field, Wise County, Texas; the Regal - Boonsville (259963) Lease, Well No. 1H, Newark, East (Barnett Shale) Field, Wise County, Texas; and the Regal - Boonsville (272062) Lease, Well No. 2H, Newark, East (Barnett Shale) Field, Wise County, Texas, are 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). 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 100 days from the date Commission Order is signed.

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

Done this 27<sup>th</sup> day of February, 2018 in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

**(ORDER APPROVED AND SIGNATURES AFFIXED  
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER  
DATED FEBRUARY 27, 2018)**