

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0308688

SINGLE SIGNATURE P-4 FILING OF EOG RESOURCES, INC. (OPERATOR NO. 253162) FOR THE SMITH, E.E. UNIT VI (13666) LEASE, WELL NO. 6H, FIRST SHOT (AUSTIN CHALK) FIELD, GONZALES COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM OMEGA ENERGY, LLC (OPERATOR NO. 622657) TO EOG RESOURCES, INC.

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the 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.

FINDING OF FACT

1. At least twenty days' notice was given to Omega Energy, LLC (Operator No. 622657), ("Omega"), and Eog Resources, Inc. (Operator No. 253162), ("EOG").
2. Omega is the operator of record for the Smith, E.E. Unit Vi (13666) Lease, Well No. 6H, First Shot (Austin Chalk) Field, Gonzales County, Texas.
3. On or about January 5, 2018, EOG submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Smith, E.E. Unit Vi (13666) Lease, Well No. 6H, First Shot (Austin Chalk) Field, Gonzales County, Texas, from Omega to EOG, as operator of record.
4. All Commission correspondence to Omega was sent via United States Postal Service first-class mail to Omega's address of record, as set forth on Omega's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to EOG was sent via United States Postal Service first-class mail to EOG's address of record, as set forth on EOG's most recent Form P-5 *Organization Report*.
6. On or about January 22, 2018, the Administrative Law Judge requested in writing that Omega 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 February 21, 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.
7. Omega's Form P-5 is delinquent. Omega had a \$50,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.

8. EOG's Form P-5 is active. EOG has a \$250,000.00 bond as its financial assurance.
9. 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."
10. No production has been reported on the subject lease since December 2006.
11. Omega failed to reply to the Administrative Law Judge's letter dated January 22, 2018, with any documents that it holds a "good faith claim" to a continuing right to operate the subject lease and failed to timely request a hearing.
12. Omega does not have a "good faith claim" to operate the subject lease.
13. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Omega and EOG have waived the opportunity to request a hearing on the matter.
14. EOG now asserts a "good faith claim" to a continuous right to operate the subject lease.
15. The Smith, E.E. Unit Vi (13666) Lease, Well No. 6H, First Shot (Austin Chalk) Field, Gonzales County, Texas, should be transferred to EOG 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 has occurred.
3. Resolution of this docket is a matter committed to the jurisdiction of the Commission. TEX. GOV'T CODE §§ 81.051.
4. Omega does not have a "good faith claim" to continue to operate the Smith, E.E. Unit Vi (13666) Lease, Well No. 6H, First Shot (Austin Chalk) Field, Gonzales County, Texas.
5. EOG does have a "good faith claim" to continue to operate the Smith, E.E. Unit Vi (13666) Lease, Well No. 6H, First Shot (Austin Chalk) Field, Gonzales County, Texas.

IT IS THEREFORE ORDERED that the application of Eog Resources, Inc. for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" 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). 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 or herein granted are denied.

Done this 20th day of March 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated March 20, 2018)**