

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7B-0311913

SINGLE SIGNATURE P-4 FILING OF RHYNE, J.V. (OPERATOR NO. 706379) FOR THE COUCH 89 GUY (30646) LEASE, WELL NOS. 3, 4, AND 5, A.T.& H. (PALO PINTO SD.) FIELD, SHACKELFORD COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM COUCH OIL & GAS, INC. (OPERATOR NO. 182165) TO RHYNE, J.V.

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 Couch Oil & Gas, Inc. (Operator No. 182165), ("Couch"), and Rhyne, J.V. (Operator No. 706379), ("Rhyne").
2. Couch is the operator of record for the Couch 89 Guy (30646) Lease, Well Nos. 3, 4, and 5, A.T.& H. (Palo Pinto Sd.) Field, Shackelford County, Texas.
3. On or about May 31, 2018, Rhyne submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Couch 89 Guy (30646) Lease, Well Nos. 3, 4, and 5, A.T.& H. (Palo Pinto Sd.) Field, Shackelford County, Texas, from Couch to Rhyne, as operator of record.
4. All Commission correspondence to Couch was sent via United States Postal Service first-class mail to Couch's address of record, as set forth on Couch's most recent Form P-5 *Organization Report*.
5. All Commission correspondence to Rhyne was sent via United States Postal Service first-class mail to Rhyne's address of record, as set forth on Rhyne's most recent Form P-5 *Organization Report*.
6. On or about June 15, 2018, the Administrative Law Judge requested in writing that Couch 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 July 17, 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. Couch's Form P-5 is delinquent. Couch had a \$50,000.00 bond as its financial assurance at the time of the last Form P-5 annual renewal submission.

8. Rhyne's Form P-5 is active. Rhyne has a \$50,000.00 letter of credit 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 January 2016.
11. Couch failed to reply to the Administrative Law Judge's letter dated June 15, 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. Couch 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), Couch and Rhyne have waived the opportunity to request a hearing on the matter.
14. Rhyne now asserts a "good faith claim" to a continuous right to operate the subject lease.
15. The Couch 89 Guy (30646) Lease, Well Nos. 3, 4, and 5, A.T.& H. (Palo Pinto Sd.) Field, Shackelford County, Texas, should be transferred to Rhyne 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. Couch does not have a "good faith claim" to continue to operate the Couch 89 Guy (30646) Lease, Well Nos. 3, 4, and 5, A.T.& H. (Palo Pinto Sd.) Field, Shackelford County, Texas.
5. Rhyne does have a "good faith claim" to continue to operate the Couch 89 Guy (30646) Lease, Well Nos. 3, 4, and 5, A.T.& H. (Palo Pinto Sd.) Field, Shackelford County, Texas.

IT IS THEREFORE ORDERED that the application of Rhyne, J.V. 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 §§ 91.1041, 91.1042, 91.107, 91.114, 91.142 and TEX. ADMIN. CODE § 3.15, 3.58, and 3.78. If after 90 days after the order becomes final, Rhyne, J.V. has not met the requirements of the listed provisions, this

Order shall be **VOID** and the subject Form P-4 shall be marked as *Unable to Process* and archived.

It is further **ORDERED** by the Commission that this order shall be effective on September 18, 2018, when the Master Order relating to this Final Order is signed.

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

Done this 18th day of September 2018, Austin, Texas.

Railroad Commission of Texas (Order approved and signatures affixed by Hearings Division Unprotested Master Order dated September 18, 2018)