

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 03-0314814

SINGLE SIGNATURE P-4 FILING OF MID TEXAS NATURAL GAS (OPERATOR NO. 564606) FOR THE WEST SANDY CREEK UNIT 1 (26742) LEASE, FONDREN RANCH (YEGUA 4350) (31839650) FIELD, COLORADO COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM LAVACA RIVER OPERATING CO., LLC (OPERATOR NO. 489720) TO MID TEXAS NATURAL GAS

FINAL ORDER

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Lavaca River Operating Co., LLC failed to request a hearing and did not otherwise respond such that this case 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 or about September 6, 2018, Mid Texas Natural Gas (“Mid Texas”), RRC Operator No. 564606, 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 West Sandy Creek Unit 1 Lease, Lease No. 26742 (“Lease”). The Form P-4 did not contain the signature of the current Commission operator of record for the Lease.
2. Lavaca River Operating Co., LLC (“Lavaca”), RRC Operator No. 489720, is the current Commission operator of record for the Lease.
3. In a letter dated September 12, 2018, a Commission Administrative Law Judge (“ALJ”) requested in writing that Lavaca 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 12, 2018. This letter expressly notified Lavaca that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing for this proceeding. The letter was sent via first-class mail to Lavaca’s address of record at the Commission as identified in Lavaca’s most recent filing of its Form P-5 *Organization Report* (“Form P-5”).
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. Lavaca 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 12, 2018 letter and failed to request a hearing.
6. At least ten days’ notice of an opportunity for hearing was given to Mid Texas and Lavaca.
7. To demonstrate its good faith claim to operate the Lease, Mid Texas presented documentation, including an Oil and Gas Lease, showing Mid Texas has the right to operate and produce the wells on the Lease.
8. Mid Texas has a current Form P-5 and Mid Texas’s status at the Commission is active.
9. Lavaca does not have a good faith claim to operate the Lease.
10. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), Lavaca was provided an opportunity to request a hearing and failed to do so.
11. Mid Texas has demonstrated a good faith claim to a continuing right to operate the Lease.
12. The Lease should be transferred to Mid Texas 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 §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.*, TEX. NAT. RES. CODE § 81.051.
3. Lavaca 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. Mid Texas does have a good faith claim to operate the Lease.

Ordering Provisions

IT IS THEREFORE ORDERED that the application of Mid Texas to change the RRC operator of record for all wells on the Lease is **APPROVED** and Mid Texas’s submitted Form P-4 *Certificate of Compliance and Transportation Authority* reflecting

itself as the current operator for the wells on the Lease 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, Mid Texas has not met the requirements of the listed provisions, this Final Order shall be **VOID** and the subject Form P-4 shall be marked as *Unable to Process* and archived.

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

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 § 1.128(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 the Commission Order is signed.

Done this 13th day of November 2018, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotected Master Order dated November 13,
2018)

JNC/mls