

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NOS. 09-0316506 AND 09-0316505

SINGLE SIGNATURE P-4 FILING OF PETERSON OIL & GAS, L.L.C. (OP. NO. 658440) FOR THE REGAL WAGGONER (RRC GAS ID NO. 272508) LEASE, WELL NO. 1V, NEWARK, EAST (BARNETT SHALE) FIELD, WISE COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM REGAL ENERGY OPERATING, L.L.C. (OP. NO. 698690) TO PETERSON OIL & GAS, L.L.C.

SINGLE SIGNATURE P-4 FILING OF PETERSON OIL & GAS, L.L.C. (OP. NO. 658440) FOR THE REGAL WAGGONER (RRC GAS ID NO. 272507) LEASE, WELL NO. 2V, NEWARK, EAST (BARNETT SHALE) FIELD, WISE COUNTY, TEXAS, TO CHANGE THE OPERATOR FROM REGAL ENERGY OPERATING, L.L.C. (OP. NO. 698690) TO PETERSON OIL & GAS, L.L.C.

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the operator of the captioned leases did not respond, and the dockets proceeded as defaults. 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 twenty days' notice was given to Regal Energy Operating, L.L.C. (Operator No. 698690), ("Regal"), and Peterson Oil & Gas, LLC (Operator No. 658440), ("Peterson").
2. Regal is the operator of record for the Regal Waggoner (Gas ID No. 272508) Lease, Well No. 1V, Newark, East (Barnett Shale) Field, Wise County, Texas, and the Regal Waggoner (Gas ID No. 272507) Lease, Well No. 2V, Newark, East (Barnett Shale) Field, Wise County, Texas.
3. On or about November 20, 2018 Peterson submitted to the Commission a Form P-4 *Certificate of Compliance and Transportation Authority* requesting transfer of the Regal Waggoner (Gas ID No. 272508) Lease, Well No. 1V, Newark, East (Barnett Shale) Field, Wise County, Texas, and the Regal Waggoner (Gas ID No. 272507) Lease, Well No. 2V, Newark, East (Barnett Shale) Field, Wise County, Texas, from Regal to Peterson, as operator of record.
4. All Commission correspondence to Regal was sent via United States Postal Service first-class mail to Regal's address of record, as set forth on Regal's most recent Form P-5 *Organization Report*.

5. All Commission correspondence to Peterson was sent via United States Postal Service first-class mail to Peterson's address of record, as set forth on Peterson's most recent Form P-5 *Organization Report*.
6. On or about December 6, 2018, 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 7, 2019. 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. Regal's Form P-5 is delinquent. Regal 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. Peterson's Form P-5 is active. Peterson has a \$50,000.00 cash deposit 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 2012.
11. Regal failed to reply to the Administrative Law Judge's letter dated December 6, 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. The first-class mail sent to Regal to its address of record was returned. Commission records indicate the operator has a "hold on mail."
12. Regal does not have a "good faith claim" to operate the subject lease.
13. Peterson now asserts a "good faith claim" to a continuing right to operate the subject lease.
14. The Regal Waggoner (Gas ID No. 272508) Lease, Well No. 1V, Newark, East (Barnett Shale) Field, Wise County, Texas, and the Regal Waggoner (Gas ID No. 272507) Lease, Well No. 2V, Newark, East (Barnett Shale) Field, Wise County, Texas, should be transferred to Peterson 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. Regal does not have a "good faith claim" to continue to operate the Regal Waggoner (Gas ID No. 272508) Lease, Well No. 1V, Newark, East (Barnett Shale) Field, Wise County, Texas, and the Regal Waggoner (Gas ID No. 272507) Lease, Well No. 2V, Newark, East (Barnett Shale) Field, Wise County, Texas.
5. Peterson does have a "good faith claim" to continue to operate the Regal Waggoner (Gas ID No. 272508) Lease, Well No. 1V, Newark, East (Barnett Shale) Field, Wise County, Texas, and the Regal Waggoner (Gas ID No. 272507) Lease, Well No. 2V, Newark, East (Barnett Shale) Field, Wise County, Texas.

IT IS THEREFORE ORDERED that the applications of Peterson Oil & Gas, LLC for transfer of the Form P-4 "Certificate of Compliance and Transportation Authority" are 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, Peterson Oil and Gas LLC 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 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.

Signed on February 26, 2019.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated February 26, 2019)**