

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 03-0316631

SINGLE SIGNATURE P-4 FILING BY REO OPERATING LLC (OPERATOR NO. 701876) FOR THE NESVADBA, R. (23673) LEASE, WELL NO. 1, HAND (VICKSBURG) FIELD, FORT BEND COUNTY, TEXAS TO CHANGE THE OPERATOR FROM BYNG ENERGY GROUP, INC. (OPERATOR NO. 118732) TO REO OPERATING LLC

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Byng Energy Group, Inc. 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 November 28, 2018, REO Operating LLC ("REO"), RRC Operator No. 701876, 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 Nesvadba, R. Lease, Lease No. 23673, Well No. 1 ("Well"). The Form P-4 did not contain the signature of the current Commission operator of record for the Well.
2. Byng Energy Group, Inc. ("Byng"), RRC Operator No. 118732, is the current Commission operator of record for the Well.
3. In a letter dated November 30, 2018, a Commission Administrative Law Judge ("ALJ") requested in writing that Byng 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 2, 2019. This letter expressly notified Byng 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 Byng's address of record at the Commission as identified in Byng's most recent filing of 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. Byng failed to provide evidence that it holds a good faith claim to a continuing right to operate the Well, failed to respond to the ALJ’s November 30, 2018 letter and failed to request a hearing.
 6. At least ten days’ notice of an opportunity for hearing was given to REO and Byng.
 7. To demonstrate its good faith claim to operate the Well, REO presented documentation including an oil, gas and mineral lease giving REO the right to operate and produce the minerals from the tract where the Well is located.
 8. REO has a current Form P-5 with a \$50,000 bond as its financial assurance. REO is currently the record operator of 57 wells. REO’s status at the Commission is active.
 9. Byng does not have a good faith claim to operate the Well.
 10. Pursuant to Tex. Gov’t Code §§ 2001.056 and 2001.062(e), Byng was provided an opportunity to request a hearing and failed to do so.
 11. REO has demonstrated a good faith claim to a continuing right to operate the Well.
 12. The Well should be transferred to REO as operator of record.
 13. REO agreed in writing that the date this Final Order will become final will be the date the Master Order related to this Final Order is signed.

Conclusions of Law

1. Proper notice of hearing was timely issued to 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. Byng does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Well. 16 Tex. Admin. Code § 3.15(a)(5).
4. REO does have a good faith claim to operate the Well.
5. Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and this Final Order can become final on the date the Master Order relating to the Final Order is signed.**

Ordering Provisions

IT IS THEREFORE ORDERED that the application of REO to change the RRC operator of record for the Well is **APPROVED** and REO's submitted Form P-4 *Certificate of Compliance and Transportation Authority* reflecting itself as the current operator for the Well is hereby **APPROVED** subject to the provisions of Tex. Nat. Res. Code §§ 91.1041, 91.1042, 91.107, 91.114, 91.142 and 16 Tex. Admin. Code §§ 3.15, 3.58, and 3.78. If after 90 days after the order becomes final, REO 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.

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing, **the parties have waived the right to file a motion for rehearing and this Order of Dismissal is final and effective on the date it is signed.**

Signed April 9, 2019, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated April 9, 2019)

JNC/mls