

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

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**OIL & GAS DOCKET NO. 08-0318387: APPLICATION OF BEACH OIL & GAS, INC. (058921) TO SUPERSEDE PORTIONS OF THE FINAL ORDER IN O&G DOCKET NO. 08-0308879 ON THE OLIX (25998) LEASE, PAYTON FIELD, PECOS COUNTY, TEXAS**

**OIL & GAS DOCKET NO. 08-0322577: APPLICATION OF BEACH OIL & GAS, INC. (058921) TO SUPERSEDE PORTIONS OF THE FINAL ORDER IN O&G DOCKET NO. 08-0308867 ON THE SCHARFF (28416) LEASE, PAYTON FIELD, PECOS COUNTY, TEXAS**

**OIL & GAS DOCKET NO. 08-0319835: APPLICATION OF BEACH OIL & GAS, INC. (058921) TO SUPERSEDE PORTIONS OF THE FINAL ORDER IN OIL & GAS DOCKET NO. 08-0308882: COMPLAINT OF LAURA BRIGGS THAT 7S OIL & GAS, LLC DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE AEGIS OLIX B (48337) LEASE, PAYTON (5950) FIELD, PECOS COUNTY, TEXAS**

**OIL & GAS DOCKET NO. 08-0319836: APPLICATION OF BEACH OIL & GAS, INC. (058921) TO SUPERSEDE PORTIONS OF THE FINAL ORDER IN OIL & GAS DOCKET NO. 08-0308878: COMPLAINT BY LAURA BRIGGS THAT 7S OIL & GAS, LLC DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE OLIX -A- (26020) LEASE, PAYTON FIELD, PECOS COUNTY, TEXAS**

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**FINAL ORDER**

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice the above-captioned proceeding was heard by a Commission Administrative Law Judge and Technical Examiner on September 9, 2019. 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. Beach Oil & Gas, Inc. ("Beach"), RRC Operator No. 058921, filed applications to supersede provisions in the above-referenced Final Orders ("Prior Orders") requiring 7S Oil & Gas, LLC ("7S"), RRC Operator No. 954992, to plug the wells on the above-referenced leases (the "Leases"). Beach filed Form P-4s *Certificate of Compliance and Transportation Authority* ("Form P-4s") requesting that it be designated the Commission operator of record for the Leases. The Form P-4s contain the signature of Beach as well as the signature of 7S, who is the current Commission operator of record for the Leases.

2. The Prior Orders have ordering provisions requiring 7S to plug the wells on the Leases. Because the Prior Orders require 7S to plug the wells on the Leases, there is an RRC hold preventing Beach from becoming the Commission record operator for the Leases.
3. On April 12, 2019, the Commission's Hearings Division sent a Notice of Hearing via first class mail to both Beach and 7S, as well as complainant Laura Briggs—whose complaints resulted in the Prior Orders—setting a hearing date of September 9, 2019. Consequently, all parties received more than 10 days' notice. The Notice of Hearing contained (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted.
4. At the hearing on September 9, 2019, Beach and 7S appeared. That same day, the Hearings Division received a letter from the complainant, withdrawing her protest of the subject applications.
5. At the hearing Beach presented documentation including written oil and gas leases and an operating agreement granting Beach the right to operate and produce the Leases.
6. Beach's status at the Commission is active and Beach has a current Form P-5 with a \$50,000 cash deposit as its financial assurance on file with the Commission. Beach is the operator of record for nine wells. See 16 Tex. Admin. Code § 3.78(d), (g).
7. Beach has demonstrated a good faith claim to a continuing right to operate the Leases.
8. The Leases should be transferred to Beach as operator of record.
9. Beach agreed in writing that the Final Order in this case is to be effective when the Master Order relating to the Final Order is signed.

### **CONCLUSIONS OF LAW**

1. Proper notice of opportunity for hearing was provided to persons entitled to notice. See, e.g., Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code § 1.45(a).
2. The Commission has jurisdiction in this case. See, e.g., Tex. Nat. Res. Code § 81.051.

3. Beach has a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Leases. 16 Tex. Admin. Code § 3.15(a)(5).
4. An order superseding provisions of the Prior Orders is necessary to prevent waste.
5. Pursuant to § 2001.144(a)(4) of the Texas Government Code, and the agreement of the parties, this Final Order can be effective when a Master Order relating to this Final Order is signed.

**IT IS THEREFORE ORDERED** that the provisions in the Prior Orders requiring 7S to plug the wells on the Leases are hereby superseded.

It is **ORDERED** that the applications of Beach to change the RRC operator of record for the wells on the Leases are **APPROVED** and Beach's submitted Form P-4s *Certificate of Compliance and Transportation Authority* reflecting itself as the current operator for the Leases 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, Beach has not met the requirements of the listed provisions, this Final Order shall be VOID and the subject Form P-4s shall be marked as Unable to Process and archived.

It is **ORDERED** that the RRC transfer hold on the Leases due to the Prior Orders be canceled to allow transfer of the Leases to Beach.

It is **ORDERED** that this Final Order shall be effective when the Master Order relating to this Final Order is signed.

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

Done this 1<sup>st</sup> day of October, 2019, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

(Order approved and signatures affixed by Hearings Division Unprotested Master Order dated October 1, 2019)

JNC/mls