

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 09-0319133: GOOD FAITH CLAIM REVIEW OF VANCO OIL & GAS CORP. (OPERATOR NO. 881484) FOR THE HOECK (258588) LEASE, NEWARK, EAST (BARNETT SHALE) FIELD, ERATH COUNTY, TEXAS

OIL & GAS DOCKET NO. 09-0319134: GOOD FAITH CLAIM REVIEW OF VANCO OIL & GAS CORP. (OPERATOR NO. 881484) FOR THE MOE (217189) LEASE, NEWARK, EAST (BARNETT SHALE) FIELD, BOSQUE COUNTY, TEXAS

OIL & GAS DOCKET NO. 7C-0319135: GOOD FAITH CLAIM REVIEW OF VANCO OIL & GAS CORP. (OPERATOR NO. 881484) FOR THE PEARSON, FRANK REEF UNIT (07561) LEASE, FRANK PEARSON (STRAWN REEF) FIELD, COKE COUNTY, TEXAS

OIL & GAS DOCKET NO. 04-0319136: GOOD FAITH CLAIM REVIEW OF VANCO OIL & GAS CORP. (OPERATOR NO. 881484) FOR THE SCHMIDT, H.G. (079420) LEASE, WADE CITY (2300) FIELD, JIM WELLS COUNTY, TEXAS

OIL & GAS DOCKET NO. 04-0319137: GOOD FAITH CLAIM REVIEW OF VANCO OIL & GAS CORP. (OPERATOR NO. 881484) FOR THE BRUNS (257960) LEASE, QUINTO CREEK (KOHLE) FIELD, JIM WELLS COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Vanco Oil & Gas Corp. failed to request a hearing and did not otherwise respond such that this case can proceed as a default. This proceeding having duly been 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. Vanco Oil & Gas Corp. ("Vanco"), RRC Operator No. 881484, 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 following leases ("Leases"):
 - a. Oil & Gas Docket No. 09-0319133: The Hoeck (258588) Lease, Newark, East (Barnett Shale) Field, Erath County, Texas
 - b. Oil & Gas Docket No. 09-0319134: The Moe (217189) Lease, Newark, East (Barnett Shale) Field, Bosque County, Texas

- c. Oil & Gas Docket No. 7C-0319135: The Pearson, Frank Reef Unit (07561) Lease, Frank Pearson (Strawn Reef) Field, Coke County, Texas
- d. Oil & Gas Docket No. 04-0319136: The Schmidt, H.G. (079420) Lease, Wade City (2300) Field, Jim Wells County, Texas
- e. Oil & Gas Docket No. 04-0319137: The Bruns (257960) Lease, Quinto Creek (Kohler) Field, Jim Wells County

The Form P-4s contains the signature for Vanco as well as the signature for the current Commission operator of record for the Leases.

- 2. Alaron Energy Inc. ("Alaron") (Operator No. 010450) is the current RRC operator of record for the Leases.
- 3. There are RRC holds preventing a transfer of the Leases without a good faith claim review of the proposed operator. The Hearings Division received requests from the Commission's Legal Enforcement Section ("Staff") for a good faith claim review regarding the Form P-4s.
- 4. In a letter dated April 16, 2019, a Commission Administrative Law Judge ("ALJ") requested in writing that Vanco either (1) provide evidence that it holds a "good faith claim" to a continuing right to operate the Leases or (2) request a hearing on the matter on or before May 13, 2019. This writing expressly notified Vanco that failure to timely request a hearing would constitute waiver of the provided opportunity given to request a hearing. The letter was sent via first-class mail to Vanco's address of record at the Commission as identified in Vanco's most recent filing of the Commission Form P-5 *Organization Report* ("Form P-5").
- 5. 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).
- 6. Vanco failed to provide evidence that it holds a good faith claim, failed to request a hearing and failed to otherwise respond to the ALJ's April 16, 2019 letter.
- 7. At least ten days' notice of an opportunity for hearing was given to Vanco.
- 8. Vanco does not have a good faith claim to operate the Leases.
- 9. Pursuant to Tex. Gov't Code §§ 2001.056 and 2001.062(e), Vanco was provided an opportunity to request a hearing and failed to do so.

CONCLUSIONS OF LAW

1. Proper notice of opportunity for 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.
2. The Commission has jurisdiction in this case. See, e.g., Tex. Nat. Res. Code § 81.051.
3. Vanco does not have 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).

ORDERING PROVISIONS

IT IS ORDERED that the applications of Vanco to change the RRC operator of record for the Leases is **DENIED** and Vanco's submitted Form P-4s *Certificate of Compliance and Transportation Authority* reflecting itself as the current operator of the Leases are hereby **DENIED** and **DISMISSED**.

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 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 the parties are notified of this order in accordance with Tex. Gov't Code § 2001.144.

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

Done June 18, 2019.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated June 18, 2019)

JNC/mls