

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7C-0299493

GOOD FAITH CLAIM REVIEW OF RAD OIL COMPANY (RRC OPERATOR NO. 687760) FOR THE UNIVERSITY "5" LEASE (RRC LEASE NO. 12668), WELL NO. 1, FARMER (SAN ANDRES) FIELD, CROCKETT COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Rad Oil Company failed to respond and did not request a hearing. This proceeding having been duly submitted to the Railroad Commission of Texas ("Commission" or "RRC") 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. At least ten days' notice was given to Rad Oil Company, RRC Operator No. 687760 ("Rad").
2. Rad is the RRC operator of record for the University "5" Lease, RRC Lease No. 012668, Well No. 1 ("Well 1").
3. On or about January 25, 2016, the Commission received a complaint from James R. Buice, representing University Lands of the University of Texas in Austin, (the "Complainant") alleging Rad does not have a "good faith claim" to operate Well 1 and Well 1 should be plugged. The Complainant provided the following documentation to support its claim:
 - a. A termination letter between the Complainant, as lessor, and Rad, as lessee, dated November 8, 2013 terminating the subject lease for non-production;
 - b. An Oil and Gas Lease covering real property where Well 1 is located, executed on October 23, 1985, and identifying the Complainant as the lessor; and
 - c. A copy of a University Lands inspection report for the subject lease, conducted on November 14, 2013.
4. In a letter dated April 8, 2016, a Commission Administrative Law Judge ("ALJ") requested in writing that Rad either (1) provide evidence that it holds a "good faith claim" to a continuing right to operate the referenced well or (2) request a hearing on the matter on or before May 13, 2016. This writing expressly notified Rad that failure to

timely request a hearing would constitute waiver of the opportunity given to request a hearing.

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. Rad is delinquent in filing the annual Commission Organization Report (Form P-5).
7. Rad became the RRC operator of record for Well 1 in September 2011. There has been no reported production for Well 1 since March 2015.
8. Rad failed to provide evidence that it holds a “good faith claim” to a continuing right to operate Well 1, failed to request a hearing, and failed to otherwise respond to the ALJ’s April 8, 2016 letter.
9. Rad does not hold a good faith claim to operate Well 1.
10. Absent a "good faith claim" to operate, the subject well is not eligible for an extension to the plugging requirements in Statewide Rule 14 and 15 as provided for in Statewide Rule 15(e).
11. Well 1 should be plugged and any plugging extension relating to Well 1 should be revoked.
12. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), Rad has waived the opportunity to request a hearing on the matter.

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 have occurred.
3. Resolution of this docket is a matter committed to the jurisdiction of the Commission. TEX. NAT. RES. CODE § 81.051.
4. Rad does not have a “good faith claim” to continue operating Well 1.
5. Well 1 is not eligible for a plugging extension and Well 1 should be plugged.

IT IS THEREFORE ORDERED that Rad is not eligible for plugging extensions for Well 1. Rad is hereby **ORDERED** to plug or otherwise place Well 1 in compliance with Statewide Rules 14 and 15.

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 § 1.149(c), 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 90 days from the date the Commission Order is signed.

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

Done this 7th day of June, 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order date June 7, 2016)

JNC/rmf