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IN RE: COMMISSION CALLED HEARING TO PROVIDE F.I.G. ENERGY, LLC (OPERATOR NO. 257281) AN OPPORTUNITY TO DEMONSTRATE THAT IT HAS A GOOD FAITH CLAIM TO OPERATE THE MICHEL, M. C. GAS UNIT (154819) LEASE, WELL NO. 1, DECKERS PRAIRIE (WILCOX 10750) FIELD; MICHEL ET AL (155147) LEASE, WELL NO. 2, DECKERS PRAIRIE (WILCOX) FIELD; AND BAYER, G. (155426) LEASE, WELL NO. 2, DECKERS PRAIRIE (LA GLORIA LWR.) FIELD, MONTGOMERY COUNTY, TEXAS

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FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the prior operator of the captioned lease did not respond, and the docket proceeded as a default. 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 FACTS

1. F.I.G. Energy, LLC ("FIG") holds Operator No. 257281.
2. FIG is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field; Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field; and Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas.
3. On September 27, 2016, Complainant Patricia Jean Michel ("Complainant") submitted to the Commission a complaint letter alleging that FIG lacks authority to operate the Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field; Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field; and Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas.
4. At least ten days notice was given to FIG and Complainant. By letter dated September 28, 2016, FIG was afforded the opportunity to submit evidence of a "good faith claim"—as that term is defined in 16 Tex. Admin. Code § 3.15(a)(5)—to a continuing right to operate the subject lease and wells, or request a hearing on the merits. FIG did neither.
5. By failing to respond to notice and opportunity for hearing, FIG chose to rely on informal disposition of this Docket pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e).

6. FIG has an active Form P-5 with financial assurance in the form of a \$25,000.00 letter of credit, which expires on July 30, 2017. SMC is the operator of 9 wells, of which 8 are in Statewide Rule 14(b)(2) [16 TEX. ADMIN. CODE § 3.14(b)(2)] inactive status.
7. FIG became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field, Montgomery County, Texas, by filing a Form P-4 dated effective June 1, 1998.
8. FIG became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field, Montgomery County, Texas, by filing a Form P-4 dated effective June 1, 1998.
9. FIG became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas, by filing a Form P-4 dated effective June 1, 1998.
10. The Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field, Montgomery County, Texas, had zero (0) reported production from January 2013 through August 2016.
11. The Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field, Montgomery County, Texas, has had no reported production since August 2016.
12. The Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field, Montgomery County, Texas, had zero (0) reported production from December 2012 through August 2016.
13. The Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field, Montgomery County, Texas, has had no reported production since August 2016.
14. The Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas, had zero (0) reported production from October 2012 through August 2016.
15. The Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas, has had no reported production since August 2016.

16. 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)].
17. FIG did not present a “good faith claim” to operate the captioned leases and did not respond to a September 28, 2016, Commission letter requesting that it either provide a “good faith claim” to operate the subject lease, or request a hearing on the merits.
18. Absent a “good faith claim” to operate, the subject wells are not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
19. Absent eligibility for extensions to the plugging requirements of Statewide Rule 15(e)(3), the plugging extensions for the subject wells should be cancelled pursuant to Statewide Rule 15(h).
20. The Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field; Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field; and Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas, should be ordered plugged.

#### **CONCLUSIONS OF LAW**

1. Proper notice of an opportunity for a hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. FIG does not have a “good faith claim” to operate the Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field; Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field; and Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas.
4. The Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field; Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field; and Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas, are not eligible for extensions to the plugging requirements of Statewide Rule 15(e)(3).
5. The plugging extensions for the Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field; Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field; and Bayer, G. (155426) Lease, Well No. 2, Deckers

Prairie (La Gloria Lwr.) Field, Montgomery County, Texas., should be cancelled pursuant to Statewide Rule 15(h).

6. The Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field; Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field; and Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas, should be ordered plugged pursuant to the requirements of Statewide Rule 14(b)(2).

**IT IS THEREFORE ORDERED** that the plugging extensions for the Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field; Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field; and Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas, are hereby **CANCELLED**. F.I.G. Energy, LLC is hereby **ORDERED** to plug the Michel, M. C. Gas Unit (154819) Lease, Well No. 1, Deckers Prairie (Wilcox 10750) Field; Michel et al (155147) Lease, Well No. 2, Deckers Prairie (Wilcox) Field; and Bayer, G. (155426) Lease, Well No. 2, Deckers Prairie (La Gloria Lwr.) Field, Montgomery County, Texas, pursuant to the requirements of Statewide Rule 14(b)(2).

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 90 days from the date Commission Order is signed. All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 6<sup>th</sup> day of December, 2016, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**  
**(Order approved and signatures affixed**  
**by Hearings Division Unprotested Master**  
**Order dated December 6, 2016)**