

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7C-0309901

COMPLAINT BY HERMAN AND CARLA LINDLEY THAT J2 PETROLEUM LLC (OPERATOR NO. 427976) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE LINDLEY "40" (09727) LEASE, WELL NOS. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, AND 16, ROCK PEN (CANYON) FIELD, IRION COUNTY, TEXAS

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the operator of the captioned lease failed to respond with evidence purporting to demonstrate that the operator maintains a "good faith claim" to operator the captioned lease. 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.

FINDING OF FACT

1. J2 Petroleum LLC ("J2 Petroleum") holds Form P-5 *Organization Report Operator* No. 427976. J2 Petroleum is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas.
2. On or about March 5, 2018, Herman and Carla Lindley submitted to the Commission a complaint letter alleging that J2 Petroleum lacks authority to operate the Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas.
3. On or about March 16, 2018, the Administrative Law Judge requested in writing that J2 Petroleum 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 April 15, 2018. This writing expressly notified the operator that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing on the matter.
4. J2 Petroleum failed to submit any evidence for a good faith claim or to request a hearing.
5. J2 Petroleum's Form P-5 is delinquent. J2 Petroleum had a \$50,000.00 cash deposit as its financial assurance at the time of the last Form P-5 annual renewal submission.
6. J2 Petroleum became the Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Lindley "40" (09727) Lease, Well Nos. 1, 2,3,

- 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas, by filing a Form P-4 dated effective September 1, 2014. The lease has no reported production since February 2015.
7. 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)].
 8. J2 Petroleum failed to file any evidence to demonstrate J2 Petroleum's "good faith claim" to a continuing right to operate the Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas. Therefore, J2 Petroleum does not have a "good faith claim" to operate the subject lease.
 9. Absent a "good faith claim" to operate, the subject lease is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
 10. Absent eligibility for an extension to the plugging requirements of Statewide Rule 15(e)(3), any plugging extensions of the Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

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. J2 Petroleum does not have a "good faith claim" to operate the Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas.
4. The Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. Any plugging extensions for the Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

THEREFORE, THE RAILROAD COMMISSION OF TEXAS HEREBY FINDS that J2 Petroleum LLC (Operator No. 427976) does not have a "good faith claim" to operate the Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas, and **HEREBY ORDERS** that any plugging extensions for the Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas, be cancelled and that

J2 Petroleum LLC shall plug and abandon the well on the Lindley "40" (09727) Lease, Well Nos. 1, 2,3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16, Rock Pen (Canyon) Field, Irion County, Texas, in accordance with Statewide Rule 14.

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

Done this 22nd day of May 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated May 22, 2018)**