

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 09-0315971

COMPLAINT BY CAROLYN D. DUNN AND PHYLLIS A. PRIKRYL, CO-TRUSTEES, ON BEHALF OF THE DOYCE JOE YOUNG & JANETTE S. YOUNG IRREVOCABLE LIVING TRUST THAT ARROWHEAD PRODUCTIONS, LP (OPERATOR NO. 033523) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE YOUNG (30809) LEASE, WELL NO. 1, NEWARK, EAST (BARNETT SHALE) FIELD, MONTAGUE 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 operate 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. Arrowhead Productions, LP ("Arrowhead") holds Form P-5 *Organization Report* Operator No. 033523. Arrowhead is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague County, Texas.
2. On or about October 22, 2018, Carolyn D. Dunn and Phyllis A. Prikryl, Co-Trustees, on Behalf of the Doyce Joe Young & Janette S. Young Irrevocable Living Trust submitted to the Commission a complaint letter alleging that Arrowhead lacks authority to operate the Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague County, Texas.
3. On or about November 2, 2018, the Administrative Law Judge requested in writing that Arrowhead 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 December 3, 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. Arrowhead failed to submit any evidence for a good faith claim or to request a hearing.
5. Arrowhead's Form P-5 is active. Arrowhead has a \$250,000.00 letter of credit as its financial assurance.

6. Arrowhead became the Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague County, Texas, by filing a Form P-4 dated effective July 1, 2011. The lease has no reported production since February 2016.
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. Arrowhead failed to file any evidence to demonstrate Arrowhead's "good faith claim" to a continuing right to operate the Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague County, Texas. Therefore, Arrowhead 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 Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague 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. Arrowhead does not have a "good faith claim" to operate the Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague County, Texas.
4. The Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague County, Texas is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. Any plugging extensions for the Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

THEREFORE, THE RAILROAD COMMISSION OF TEXAS HEREBY FINDS that Arrowhead Productions, LP (Operator No. 033523) does not have a "good faith claim" to operate the Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague County, Texas, and **HEREBY ORDERS** that any plugging extensions for the Young (30809) Lease, Well No. 1, Newark, East (Barnett Shale) Field, Montague County, Texas, be cancelled, that a good-faith-claim hold be placed on any P-4 transfers for such wells, and that Arrowhead Productions, LP shall plug and abandon the well on the Young

(30809) Lease, Well No.1, Newark, East (Barnett Shale) Field, Montague 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.

Signed on February 26, 2019.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated February 26, 2019)**