

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 03-0304145

THE COMPLAINT OF LEEUXUS OIL LLC THAT CREATIVE OIL & GAS OPERATING LLC (187005), DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE LONIE MAE #1-H (14106) LEASE, WELL NO. 1H AND THE ZONA, MARY UNIT (12987) LEASE, GIDDINGS (AUSTIN CHALK-3) FIELD, LEE 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.

FINDINGS OF FACTS

1. Creative Oil & Gas Operating, LLC ("Creative") holds Form P-5 *Organization Report* Operator No. 187005. Creative is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas.
2. On or about March 14, 2017, Leexus Oil LLC submitted to the Commission a complaint letter alleging that Creative lacks authority to operate the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas.
3. On or about March 17, 2017, the Administrative Law Judge requested in writing that Creative 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 14, 2017. 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. Creative failed to submit any evidence of a good faith claim or to request a hearing.
5. Creative has an active Form P-5, last filed on December 19, 2016, with financial assurance in the form of a \$50,000 bond.
6. Creative became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas, by filing a Form P-4 dated effective December 1, 2016. The Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease,, Giddings (Austin Chalk-3) Field, Lee County, Texas, have no reported production since December, 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. Creative failed to file any evidence to demonstrate Creative's "good faith claim" to a continuing right to operate the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas. Therefore, Creative Oil & Gas does not have a "good faith claim" to operate the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease,, Giddings (Austin Chalk-3) Field, Lee County.
9. 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).
10. Any plugging extensions of the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

CONCLUSIONS OF LAW

1. Proper notice of an opportunity for a hearing was timely issued to appropriate persons.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Creative Oil & Gas Operating LLC does not have a "good faith claim" to operate the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas.
4. The Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas, are not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. Any plugging extensions for the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

THEREFORE, THE RAILROAD COMMISSION OF TEXAS HEREBY FINDS that Creative Oil & Gas Operating, LLC (Operator No. 187005) does not have a "good faith claim" to operate the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas, and **HEREBY ORDERS** that any plugging extensions for the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas, be cancelled and that Creative Oil & Gas Operating LLC shall plug all wells on the Lonie Mae #1-H (14106) Lease, Well No. 1H and the Zona, Mary Unit (12987) Lease, Giddings (Austin Chalk-3) Field, Lee County, Texas.

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 23rd day of May, 2017, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated May 23, 2017)**