

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 04-0309936

COMPLAINT BY BAFFIN PROPERTIES, LTD. THAT GREEN EXPLORATION COMPANY (OPERATOR NO. 330179) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE BALDWIN, J.C. (10299) LEASE, WELL NOS. 2, 3 AND 5, WHITE POINT, EAST FIELD, SAN PATRICIO COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Salt Creek Production, Inc. failed to request a hearing and did not otherwise respond such that this case can proceed as a default. This proceeding having duly been submitted to the Commission at a conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

Finding of Fact

1. The Commission received a complaint from Baffin Properties, Ltd. ("Complainant") alleging Green Exploration Company ("Green"), RRC Operator No. 330179, does not have a good faith claim to operate the Baldwin, J.C. (RRC Gas ID No. 141557) Lease, Well Nos. 2, 3 and 5 (the "Wells"), because the lease Green relies on has terminated.
2. Green is the current RRC operator of record for the Wells.
3. In a letter dated March 28, 2018, a Commission Administrative Law Judge ("ALJ") requested in writing that Green either (1) provide evidence that it holds a "good faith claim" to a continuing right to operate the Wells or (2) request a hearing on the matter on or before April 27, 2018. This writing expressly notified Green that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing. The letter was sent via first-class mail to Green's address of record at the Commission as identified in Green's most recent filing of the Commission Form P-5 *Organization Report* ("Form P-5").
4. 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).
5. Green failed to submit evidence that it holds a good faith claim, failed to request a hearing and failed to otherwise respond to the ALJ's March 28, 2018 letter.

6. At least ten days' notice of an opportunity for hearing was given to Green and Complainant.
7. To support its claim, Complainant submitted documentation that it owns the surface estate where the Wells are located, and the contractual lease Green relies on has terminated.
8. There has been no reported production for the Wells since September 2017.
9. Green does not have a good faith claim to operate the Wells.
10. Absent a good faith claim to operate, the Wells are not eligible for extensions to the plugging requirements in Statewide Rule 14 and 15 as provided for in Statewide Rule 15(e).
11. The Wells should be plugged and any plugging extensions relating to them should be revoked.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Green was provided an opportunity to request a hearing and failed to do so.

Conclusions of Law

1. Proper notice of opportunity for hearing was timely issued to appropriate persons entitled to notice. See, e.g., TEX. GOV'T CODE § 2001.051; 16 TEX. ADMIN. CODE § 1.42.
2. The Commission has jurisdiction in this case. See, e.g., TEX. NAT. RES. CODE § 81.051.
3. Green does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Wells. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. The Wells are not eligible for plugging extensions and the Wells should be plugged.

Ordering Provisions

IT IS ORDERED that Green is not eligible for plugging extensions for the Wells. Green is hereby **ORDERED**, within 30 days from the date this order becomes final, to plug the Wells and place the subject lease in compliance with Statewide Rules 8, 14 and 15, and any other applicable Commission rules.

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 a written Commission order issued pursuant to TEX. GOV'T CODE § 2001.146(e). If a timely motion for rehearing 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 the parties are notified of this order in accordance with TEX. GOV'T CODE § 2001.144.

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

Done this 5th day of June 2018 in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by
Hearings Division Unprotested Master Order
dated June 5, 2018)

JNC/mls