

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7B-0319052

COMPLAINT BY DAWSON-CONWAY MANAGEMENT, LLC THAT TAM2 SQUARED ENERGY SERVICES, LLC (OPERATOR NO. 835624) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE CONWAY (03562) LEASE, WELL NOS. 1G, 3, 9, 10, 11, 13, 14, 16, 17, AND 18, CONWAY (BLUFF CREEK) FIELD, SHACKELFORD COUNTY; AND THE DAWSON-CONWAY 183 (16162) LEASE, WELL NO. 2 G; THE DAWSON-CONWAY 195 "S" (16202) LEASE, WELL NOS. 2, 4, 5, 6, 7, AND 8; AND THE DAWSON-CONWAY "196" -M- (13262) LEASE, WELL NOS. 1, 2, 3, 4, 5, 10, 11, 12, AND 13, SHACKELFORD COUNTY REGULAR FIELD, SHACKELFORD 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. TAM2 Squared Energy Services, LLC ("TAM2") holds Form P-5 *Organization Report* Operator No. 835624. TAM2 is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas.
2. On or about March 22, 2019, Dawson-Conway Management, LLC submitted to the Commission a complaint letter alleging that TAM2 lacks authority to operate the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas.
3. On or about March 27, 2019, the Administrative Law Judge requested in writing that TAM2 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 26, 2019. 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. TAM2 failed to submit any evidence for a good faith claim or to request a hearing.
5. TAM2's Form P-5 is active. TAM2 has a \$50,000.00 bond as its financial assurance.
6. TAM2 became the Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County, Texas, by filing a Form P-4 dated effective October 16, 2018. The lease has no reported production since January 2018.
7. TAM2 became the Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Dawson-Conway 183 (16162) Lease, Well No. 2 G, Shackelford County Regular Field, Shackelford County, Texas, by filing a Form P-4 dated effective October 16, 2018. The lease has no reported production since January 2018.
8. TAM2 became the Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8, Shackelford County Regular Field, Shackelford County, Texas, by filing a Form P-4 dated effective October 16, 2018. The lease has no reported production since January 2018.
9. TAM2 became the Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas, by filing a Form P-4 dated effective October 16, 2018. The lease has no reported production since January 2018.
10. 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)].
11. TAM2 failed to file any evidence to demonstrate TAM2's "good faith claim" to a continuing right to operate the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas. Therefore, TAM2 does not have a "good faith claim" to operate the subject leases.
12. Absent a "good faith claim" to operate, the subject leases are not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).

13. Absent eligibility for an extension to the plugging requirements of Statewide Rule 15(e)(3), any plugging extensions of the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

CONCLUSIONS OF LAW

1. Proper notice of opportunity for hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. TAM2 does not have a "good faith claim" to operate the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County, Texas.
4. TAM2 does not have a "good faith claim" to operate the Dawson-Conway 183 (16162) Lease, Well No. 2 G, Shackelford County Regular Field, Shackelford County, Texas.
5. TAM2 does not have a "good faith claim" to operate the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8, Shackelford County Regular Field, Shackelford County, Texas.
6. TAM2 does not have a "good faith claim" to operate the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas.
7. The Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas are not eligible for extensions to the plugging requirements of Statewide Rule 15(e)(3).
8. Any plugging extensions for the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

THEREFORE, THE RAILROAD COMMISSION OF TEXAS HEREBY FINDS that TAM2 Squared Energy Services, LLC (Operator No. 835624) does not have a "good faith claim" to operate the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas, and **HEREBY ORDERS** that any plugging extensions for the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford County, Texas, be cancelled, that a good-faith-claim hold be placed on any P-4 transfers for such wells, and that TAM2 Squared Energy Services, LLC shall plug and abandon the wells on the Conway (03562) Lease, Well Nos. 1G, 3, 9, 10, 11, 13, 14, 16, 17, and 18, Conway (Bluff Creek) Field, Shackelford County; and the Dawson-Conway 183 (16162) Lease, Well No. 2 G; the Dawson-Conway 195 "S" (16202) Lease, Well Nos. 2, 4, 5, 6, 7, and 8; and the Dawson-Conway "196" -M- (13262) Lease, Well Nos. 1, 2, 3, 4, 5, 10, 11, 12, and 13, Shackelford County Regular Field, Shackelford 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 June 18, 2019.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated June 18, 2019)**