

RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0283901

COMMISSION-CALLED HEARING ON THE COMPLAINT OF BETTY JO PIERCE THAT EAGLE FORD OIL CO. INC. DOES NOT HAVE A GOOD FAITH CLAIM TO THE RIGHT TO OPERATE THE LEYENDECKER, R.F. "A" (02203) AND LEYENDECKER, R.F. -B- (01123) LEASES, LULING-BRANYON FIELD, CALDWELL COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice, the captioned proceeding was heard by the examiners on October 9, 2013. This proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas. The Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. At least 10 days notice of the hearing was given to Eagle Ford Oil Co., Inc. ("*Eagle Ford*") and the Complainant Betty Jo Pierce (the "*Complainant*"). The Complainant and her counsel appeared at the hearing on October 9, 2013, and presented evidence. Eagle Ford did not appear at the hearing.
2. Eagle Ford requested a hearing to prove that it had a good faith claim to the right to operate the wells on the Leyendecker, R.F. "A" (02203) and Leyendecker, R.F. -B- (01123) Leases, Luling-Branyon Field, Caldwell County, Texas.
3. The Complainant has waived the issuance of a Proposal for Decision in this docket.
4. On August 20, 2013, the Commission issued a Notice of Hearing for this proceeding. This Notice of Hearing stated: "Failure of Eagle Ford Oil Co., Inc., to appear at the hearing may result in dismissal of its plugging extensions for the wells on the leases, in which case Eagle Ford Oil Co., Inc., will be required to plug the wells pursuant to Statewide Rule 14(b)(2)."
5. The wells on the Leyendecker, R.F. "A" (02203) and Leyendecker, R.F. -B- (01123) Leases are located on a tract of land in Caldwell County (the "*subject property*") described as "one-hundred forty-seven (147) acres of land, more or less, out of the John A. Neill League, A-20, and Dillard Cooper Survey, A-87, and being all of that certain 147 acres covered and fully described by metes and bounds in that certain Oil and Gas Lease dated November 1, 1951, by and between R. F. Leyendecker and wife, Elizabeth Leyendecker, as Lessor, and M. W. McDowell, as Lessee, of record in Volume 243, Page

- 119, Deed Records of Caldwell County, Texas, said above mentioned Oil and Gas Lease and its record being here referred to for all pertinent purposes.”
6. Eagle Ford and Rio Bravo Oil, Inc. were the assignees of a October 1, 2003, Oil and Gas Lease (the “*subject lease*”) between James H. Haun, Lynn Brice Johnson, and Donaly Brice, Lessor, and Caltex Energy Company, Lessee, that covered the subject property.
 7. Eagle Ford and Rio Bravo Oil, Inc. executed a Release of Oil and Gas Lease, dated September 12, 2013, by which they cancelled, released, relinquished, and surrendered unto the lessors of the subject lease all rights, title, and interest in and to the subject lease insofar as the subject lease covers the subject property.
 8. On October 7, 2013, the 207th District Court for Caldwell County, Texas, signed a Final Judgment in Case No. 13-0-353, *OAG HOLDINGS II, LLC, OAG HOLDINGS IV, LLC, James A. Haun, Betty Jo Haun Pierce, Individually, and as Independent Executrix of the Estate of James H. Haun, Deceased, Donaly E. Brice and Charlynn E. Hayes, Plaintiffs, v. EAGLE FORD OIL CO., INC. AND RIO BRAVO OIL, INC., Defendants.*
 - a. This Final Judgment included the Finding that the subject lease expired by its own terms not later than September 30, 2010, and all the right, title, and interest the Defendants had in the subject property reverted to Plaintiffs as of that date.
 - b. By this Final Judgment, the 207th District Court ordered and adjudged that Plaintiffs recover from the Defendants title to and possession of all right, title, and interest to the subject property, including but not limited to, the oil, gas, and mineral estate.
 9. Eagle Ford failed to present any evidence that it possesses a good faith claim to a continuing right to operate the wells on the Leyendecker, R.F. “A” (02203) and Leyendecker, R.F. –B– (01123) Leases.
 10. The Leyendecker, R.F. “A” (02203) Lease, Well Nos. 1, 2, 2A, 3A, 4A, 5A, 6A, 7A, 10A, 11A, and 12A, and the Leyendecker, R.F. –B– (01123) Lease, Well Nos. 3B, 5B, 6B, 7B, 8B, 9B, 10B, 11B, 12B, 13B, 14B, 15B, 16B, and 17B are inactive wells.

CONCLUSIONS OF LAW

1. The Railroad Commission timely issued proper notice of hearing to appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties to this hearing have occurred.
3. Eagle Ford does not have a good faith claim to a continuing right to operate the wells on the Leyendecker, R.F. “A” (02203) Lease and the Leyendecker, R.F. –B– (01123) Lease, Luling-Branyon Field, Caldwell County, Texas.

4. Pursuant to Statewide Rule 15(e), the Commission may grant an operator a plugging extension for an inactive land well only if the operator has, and on request provides evidence of, a good faith claim to a continuing right to operate the well.
5. Eagle Ford is ineligible for plugging extensions for the wells on the Leyendecker, R.F. "A" (02203) Lease and the Leyendecker, R.F. -B- (01123) Lease, Luling-Branyon Field, Caldwell County, Texas.
6. Eagle Ford must plug the Leyendecker, R.F. "A" (02203) Lease, Well Nos. 1, 2, 2A, 3A, 4A, 5A, 6A, 7A, 10A, 11A, and 12A, and the Leyendecker, R.F. -B- (01123) Lease, Well Nos. 3B, 5B, 6B, 7B, 8B, 9B, 10B, 11B, 12B, 13B, 14B, 15B, 16B, and 17B, Luling-Branyon Field, Caldwell County, Texas.

It is therefore **ORDERED** that the plugging extensions for the Leyendecker, R.F. "A" (02203) Lease, Well Nos. 1, 2, 2A, 3A, 4A, 5A, 6A, 7A, 10A, 11A, and 12A, and the Leyendecker, R.F. -B- (01123) Lease, Well Nos. 3B, 5B, 6B, 7B, 8B, 9B, 10B, 11B, 12B, 13B, 14B, 15B, 16B, and 17B, Luling-Branyon Field, Caldwell County, Texas, are hereby **REVOKED**.

It is further **ORDERED** that Eagle Ford Oil Co., Inc. is required to plug the Leyendecker, R.F. "A" (02203) Lease, Well Nos. 1, 2, 2A, 3A, 4A, 5A, 6A, 7A, 10A, 11A, and 12A, and the Leyendecker, R.F. -B- (01123) Lease, Well Nos. 3B, 5B, 6B, 7B, 8B, 9B, 10B, 11B, 12B, 13B, 14B, 15B, 16B, and 17B, Luling-Branyon Field, Caldwell County, Texas, within 30 days of the date this Order becomes final.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. 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 90 days from the date the parties are notified of the order.

Done this 21st day of January 2014 in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Unprotested Master Order dated
January 21, 2014.)**