

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 08-0300029**

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**COMPLAINT OF UNIVERSITY LANDS THAT ADKINS PRODUCTION (RRC OPERATOR NO. 007920) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE STATE LEASE 11723 (RRC LEASE NO. 20757), WELL NO. 1, MCFARLAND (QUEEN) FIELD, ANDREWS COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Adkins Production failed to respond and did not request a hearing. This proceeding having been duly submitted to the Railroad Commission of Texas ("Commission" or "RRC") at a 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 ten days' notice was given to Adkins Production, RRC Operator No. 007920 ("Adkins").
2. Adkins is the RRC operator of record for the State Lease 11723, RRC Lease No. 20757, Well No. 1 ("Well 1").
3. On or about March 28, 2016, the Commission received a complaint from Michael Taylor, an Associate Landman for the University of Texas at Austin, (the "Complainant") alleging Adkins does not have a "good faith claim" to operate Well 1 and Well 1 should be plugged. The Complainant provided the following documentation to support its claim:
  - a. A termination letter between the Complainant, as lessor, and Adkins, as lessee, dated March 7, 2014 terminating the subject lease for non-production;
  - b. An Assignment and Bill of Sale, executed on June 14, 2005, with "Darrel Adkins" as lessee;
  - c. An Oil and Gas Lease covering real property where Well 1 is located, executed on October 5, 1967, and identifying the Complainant as the lessor; and
  - d. A copy of a University Lands inspection report for the subject lease, conducted on March 21, 2014.

4. In a letter dated April 8, 2016, a Commission Administrative Law Judge (“ALJ”) requested in writing that Adkins either (1) provide evidence that it holds a “good faith claim” to a continuing right to operate the referenced well or (2) request a hearing on the matter on or before May 13, 2016. This writing expressly notified Adkins that failure to timely request a hearing would constitute waiver of the opportunity given to request a hearing.
5. 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).
6. Adkins is delinquent in filing the annual Commission Organization Report (Form P-5).
7. Adkins became the RRC operator of record for Well 1 in June 2005. There has been no reported production for Well 1 since April 2014.
8. Adkins failed to provide evidence that it holds a “good faith claim” to a continuing right to operate Well 1, failed to request a hearing, and failed to otherwise respond to the ALJ’s April 8, 2016 letter.
9. Adkins does not hold a “good faith claim” to operate Well 1.
10. Absent a "good faith claim" to operate, the subject well is not eligible for an extension to the plugging requirements in Statewide Rule 14 and 15 as provided for in Statewide Rule 15(e).
11. Well 1 should be plugged and any plugging extension for Well 1 should be revoked.
12. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), Adkins has waived the opportunity to request a hearing on the matter.

#### **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. Resolution of this docket is a matter committed to the jurisdiction of the Commission. TEX. NAT. RES. CODE § 81.051.
4. Adkins does not have a “good faith claim” to continue operating Well 1.
5. Well 1 is not eligible for a plugging extension and Well 1 should be plugged.

**IT IS THEREFORE ORDERED** that Adkins is not eligible for plugging extensions for Well 1. Adkins is hereby **ORDERED** to plug or otherwise place Well 1 in compliance with Statewide Rules 14 and 15.

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) and 16 TEX. ADMIN. CODE § 1.149(c), 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 Commission Order is signed.

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

Done this 7<sup>th</sup> day of June, 2016, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

JNC/rnf

(Order approved and signatures affixed by HD  
Uncontested Master Order date June 7, 2016)