

OIL AND GAS DOCKET NO. 01-0301450

IN RE: COMMISSION CALLED HEARING TO PROVIDE JENEX PETROLEUM CORPORATION (OPERATOR NO. 431135) AN OPPORTUNITY TO DEMONSTRATE THAT IT HAS A GOOD FAITH CLAIM TO OPERATE THE WARE, ALPHA (02421) LEASE, TORCH (KING) FIELD, ZAVALA COUNTY, TEXAS, AND TO SHOW CAUSE WHY THE WELLS SHOULD NOT BE ORDERED PLUGGED

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the prior operator of the captioned lease did not respond, and the docket proceeded as a default. 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. Jenex Petroleum Corporation ("Jenex") holds Operator No. 431135.
2. Jenex is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas.
3. On August 16, 2016, Complainants Bay Laxson and JoAnn Laxson ("Complainants") submitted to the Commission a complaint letter alleging that Jenex lacks authority to operate the Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas.
4. At least ten days notice was given to Jenex and Complainants. By letter dated August 18, 2016, Jenex was afforded the opportunity to submit evidence of a "good faith claim"—as that term is defined in 16 Tex. Admin. Code § 3.15(a)(5)—to a continuing right to operate the subject lease and wells, or request a hearing on the merits. Jenex did neither.
5. By failing to respond to notice and opportunity for hearing, Jenex chose to rely on informal disposition of this Docket pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e).
6. Jenex has an active Form P-5 with financial assurance in the form of a \$250,000.00 bond, which expires on May 31, 2017. Jenex is the operator of 599 wells, of which 180 are in Statewide Rule 14(b)(2) [16 TEX. ADMIN. CODE § 3.14(b)(2)] inactive status.

7. Jenex became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas, by Form P-4 transfer effective December 1, 2012.
8. The Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas, had zero (0) reported production from September 2015 through April 2016.
9. The Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas, has had no reported production since April 2016.
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. Jenex did not present a “good faith claim” to operate the captioned lease and did not respond to an August 18, 2016, Commission letter requesting that it either provide a “good faith claim” to operate the subject lease, or request a hearing on the merits.
12. 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).
13. Absent eligibility for extensions to the plugging requirements of Statewide Rule 15(e)(3), the plugging extensions for the subject wells should be cancelled pursuant to Statewide Rule 15(h).
14. The Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas, should be ordered plugged.

CONCLUSIONS OF LAW

1. Proper notice of an opportunity for a hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Jenex does not have a “good faith claim” to operate the Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas.
4. The Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas, is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).

5. The plugging extensions for the Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas, should be cancelled pursuant to Statewide Rule 15(h).
6. The Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas, should be ordered plugged pursuant to the requirements of Statewide Rule 14(b)(2).

IT IS THEREFORE ORDERED that the plugging extensions for the Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas, are hereby **CANCELLED**. Jenex Petroleum Corporation is hereby **ORDERED** to plug the Ware, Alpha (02421) Lease, Torch (King) Field, Zavala County, Texas, pursuant to the requirements of Statewide Rule 14(b)(2).

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 15th day of November, 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS
(Order approved and signatures affixed
by Hearings Division Unprotested Master
Order dated November 15, 2016)