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IN RE: COMMISSION CALLED HEARING TO PROVIDE PEBA OIL & GAS, INC. (OPERATOR NO. 648640) AN OPPORTUNITY TO DEMONSTRATE THAT IT HAS A GOOD FAITH CLAIM TO OPERATE THE GREEN, M.A. ESTATE (152541) LEASE, WELL NO. 1, PALO PINTO COUNTY REGULAR FIELD, LOCATED IN PALO PINTO COUNTY, TEXAS

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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. Peba Oil & Gas, Inc. ("Peba") holds Form P-5 *Organization Report* Operator No. 648640.
2. Peba is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, located in Palo Pinto County, Texas.
3. On or about January 13, 2017, Complainant Don McClure ("Complainant") submitted to the Commission a complaint letter alleging that Peba lacks authority to operate the Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto County, Texas.
4. On or about January 18, 2017, the Administrative Law Judge requested in writing that Peba 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 February 17, 2017. 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. Peba did neither.
5. At least ten days' notice was given to Peba and Complainant.
6. By failing to respond to notice and opportunity for hearing, Peba chose to rely on informal disposition of this docket pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e).

7. Peba has an active Form P-5 with financial assurance in the form of a \$250,000 letter of credit, which expires on June 1, 2018. Peba is the operator of 712 wells, of which 105 are in Statewide Rule 14(b)(2) [16 TEX. ADMIN. CODE § 3.14(b)(2)] inactive status.
8. Peba became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto County, Texas, by filing a Form P-4 dated effective May 1, 2011.
9. The Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto County, Texas, has had no reported production since November 2010.
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. Peba did not present a “good faith claim” to operate the captioned lease and did not respond to a January 18, 2017, 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 well is 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), the plugging extension for the subject well should be cancelled pursuant to Statewide Rule 15(h).
14. The Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto 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. Peba does not have a “good faith claim” to operate the Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto County, Texas.

4. The Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto County, Texas, is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. The plugging extension for the Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto County, Texas, should be cancelled pursuant to Statewide Rule 15(h).
6. The Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto County, Texas, should be ordered plugged pursuant to the requirements of Statewide Rule 14(b)(2).

**IT IS THEREFORE ORDERED** that the plugging extension for the Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto County, Texas, is hereby **CANCELLED**. Peba Oil & Gas, Inc. is hereby **ORDERED** to plug within 30 days of the date this order becomes final, the Green, M.A. Estate (152541) Lease, Well No. 1, Palo Pinto County Regular Field, Palo Pinto 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 21<sup>st</sup> day of March, 2017, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**  
**(Order approved and signatures affixed**  
**by Hearings Division Unprotested Master**  
**Order dated March 21, 2017)**