

OIL AND GAS DOCKET NO. 7B-0303227

IN RE: COMMISSION CALLED HEARING TO PROVIDE LARIAT LAND & EXPLORATION, INC. (OPERATOR NO. 486649) AN OPPORTUNITY TO DEMONSTRATE THAT IT HAS A GOOD FAITH CLAIM TO OPERATE THE MCCLURE TRUST LEASE, WELL NO. 1, API #42-363-36029, DRILLING PERMIT NO. 711546, NEWARK, EAST (BARNETT SHALE), PALO PINTO COUNTY REGULAR, PALO PINTO CO. REG. (GAS), AND WILDCAT FIELDS, PALO PINTO COUNTY, TEXAS

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. Lariat Land & Exploration, Inc. ("Lariat") holds Form P-5 *Organization Report* Operator No. 486649.
2. Lariat filed with the Commission a Form W-1 *Application for Permit to Drill, Recomplete, or Re-Enter* for the McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, located in Palo Pinto County, Texas, on March 4, 2011.
3. Surface casing for the McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas, was set on February 26, 2012.
4. The McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas, does not have on file with the Commission a Form W-2 *Oil Well Potential Test, Completion or Recompletion Report, and Log*.
5. On or about January 13, 2017, Complainant Don McClure ("Complainant") submitted to the Commission a complaint letter alleging that Lariat lacks authority to operate the McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit

No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas.

6. On or about January 18, 2017, the Administrative Law Judge requested in writing that Lariat 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. Lariat did neither.
7. At least ten days' notice was given to Lariat and Complainant.
8. By failing to respond to notice and opportunity for hearing, Lariat chose to rely on informal disposition of this docket pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e).
9. Lariat has an active Form P-5 with financial assurance in the form of a \$50,000 bond, which expires on December 31, 2017. Lariat is the operator of 8 wells, of which 0 are in Statewide Rule 14(b)(2) [16 TEX. ADMIN. CODE § 3.14(b)(2)] inactive status.
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. Lariat did not present a "good faith claim" to operate the McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas, and did not respond to a January 18, 2017, Commission letter requesting that it either provide evidence of a "good faith claim" to operate the McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas, or request a hearing on the merits.
12. Absent a "good faith claim" to operate, the McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas, 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 McClure Trust Lease, Well No. 1, API #42-

363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

14. The McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, located in Palo Pinto County, Texas, should be ordered plugged.
15. The McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas, does not have on file with the Commission a Form W-3 *Plugging Record*.

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. Lariat does not have a “good faith claim” to operate the McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas.
4. The McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, 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 McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto County, Texas, should be cancelled pursuant to Statewide Rule 15(h).
6. The McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, 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 McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, Palo Pinto

County, Texas, is hereby **CANCELLED**. Lariat Land & Exploration, Inc. is hereby **ORDERED** to plug within 30 days of the date this order becomes final, the McClure Trust Lease, Well No. 1, API #42-363-36029, Drilling Permit No. 711546, Newark, East (Barnett Shale), Palo Pinto County Regular, Palo Pinto Co. Reg. (Gas), and Wildcat Fields, located in 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 21st 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)