

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 10-0303972

THE COMPLAINT OF WILLIAM NIX AND NIX RANCH, LTD. THAT TEXAS MISSISSIPPI ENERGY, LLC (846629), DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE BOBWHITE LEASE, WELL NO. 1 (ID NO. 174581), THE NIX LEASE, WELL NO. 1 (ID NO. 162374), OR THE NIX LEASE, WELL NO. 2 (ID NO. 198480), IN THE CANADIAN, NW (DOUGLAS) FIELD, HEMPHILL COUNTY, TEXAS

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the operator of the captioned wells failed to respond with evidence purporting to demonstrate that the operator maintains a "good faith claim" to operate the captioned lease. 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. Texas Mississippi Energy, LLC ("Tex Miss") holds Form P-5 *Organization Report* Operator No. 846629. Tex Miss is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas.
2. On or about March 9, 2017, William Nix and Nix Ranch, Ltd., submitted to the Commission a complaint letter alleging that Tex Miss lacks authority to operate the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas.
3. On or about March 9, 2017, the Administrative Law Judge requested in writing that Tex Miss 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 April 14, 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.
4. Tex Miss failed to submit any evidence of a good faith claim or to request a hearing.
5. Tex Miss does not have an active P-5.
6. Tex Miss became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas, by filing a Form P-4 dated effective November, 2012.

7. The Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas, have no reported gas production for over two years.
8. 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)].
9. Tex Miss failed to request a hearing or to file any evidence to demonstrate Tex Miss' "good faith claim" to a continuing right to the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas. Therefore, Tex Miss does not have a "good faith claim" to operate the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas.
10. 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).
11. Any plugging extensions of the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

CONCLUSIONS OF LAW

1. Proper notice of an opportunity for a hearing was timely issued to appropriate persons.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Tex Miss does not have a "good faith claim" to operate the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas.
4. The Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas, are not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. Any plugging extensions for the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), or the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

THEREFORE, THE RAILROAD COMMISSION OF TEXAS HEREBY FINDS that Texas Mississippi Energy, LLC (Operator No. 846629) does not have a "good faith claim" to the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas, and **HEREBY ORDERS** that any plugging extensions for the Bobwhite Lease, Well No. 1 (ID No.

174581), the Nix Lease, Well No. 1 (ID No. 162374), or the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas, be cancelled and that Texas Mississippi Energy, LLC shall plug all wells on the Bobwhite Lease, Well No. 1 (ID No. 174581), the Nix Lease, Well No. 1 (ID No. 162374), and the Nix Lease, Well No. 2 (ID No. 198480), Canadian, NW (Douglas) Field, Hemphill County, Texas.

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 23rd day of May, 2017, in Austin,
Texas.

**RAILROAD COMMISSION OF TEXAS (Order
approved and signatures affixed by
Hearings Division Unprotested Master
Order dated May 23, 2017)**