

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 08-0304865

COMPLAINT OF BRENNAND LAZY H RANCH, LTD. AND BRENNAND ENERGY, LTD. THAT TOM RASMUSSEN (OPERATOR NO. 693740) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE BELL, BROOKS LEASE (LEASE NO. 18190), WELL NO. 2, IATAN, EAST HOWARD FIELD, MITCHELL COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Tom Rasmussen failed to request a hearing such that this case can proceed as a default. This proceeding having duly been submitted to the Commission 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. On or about May 8, 2017, Brennand Lazy H Ranch, Ltd. and Brennand Energy, Ltd. ("Complainants") filed a complaint alleging Tom Rasmussen ("Rasmussen"), Operator No. 693740, does not have a good faith claim to operate the Bell, Brooks Lease, Lease No. 18190, Well No. 2, (the "Well") because the contractual lease relied upon by Rasmussen has terminated due to lack of production.
2. Rasmussen is the current RRC operator of record for the Well.
3. In a letter dated May 22, 2017, a Commission Administrative Law Judge ("ALJ") requested in writing that Rasmussen either (1) provide evidence that it holds a "good faith claim" to a continuing right to operate the Well or (2) request a hearing on the matter on or before June 21, 2017.
4. 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 Well or a recorded deed conveying a fee interest in the mineral estate." 16 TEX. ADMIN. CODE 3.15(a)(5).
5. On June 2, 2017, Rasmussen filed a letter stating that Rasmussen intended to plug the well.

6. To support their claim, Complainants submitted a notarized Oil, Gas and Mineral Lease, dated March 27, 1958 filed in Mitchell County. The Oil, Gas and Mineral Lease grants the lessee the right to conduct drilling operations on the property the Well is located on for a term of five years and as long as thereafter as there is production.
7. Rasmussen became the operator of record in December 1982. There has been no reported production for the Well since before May 2015.
8. Rasmussen does not have a good faith claim to operate the Well.
9. Absent a good faith claim to operate, the Well is not eligible for extensions to the plugging requirements in Statewide Rule 14 and 15 as provided for in Statewide Rule 15(e).
10. The Well should be plugged and any plugging extensions relating to it should be revoked.
11. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Rasmussen was provided notice and an opportunity for hearing and failed to appear at the hearing.

CONCLUSIONS OF LAW

1. Proper notice of opportunity for hearing was timely issued to appropriate persons entitled to notice. See, e.g., TEX. GOV'T CODE § 2001.051; 16 TEX. ADMIN. CODE § 1.45(a).
2. The Commission has jurisdiction in this case. See, e.g., TEX. NAT. RES. CODE § 81.051.
3. Rasmussen does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Well. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. The Well is not eligible for plugging extensions and the Well should be plugged.

IT IS THEREFORE ORDERED that Rasmussen is not eligible for plugging extensions for the Well. Rasmussen is hereby **ORDERED** to plug the Well and place the Bell, Brooks Lease in compliance with Statewide Rules 8, 14, and 15, and any other applicable Commission rules no later than 30 days after this order becomes final.

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 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 the parties are notified of this order in accordance with TEX. GOV'T CODE § 2001.144.

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

Done this 1st day of August, 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated August 1,
2017)

JNC/rnf