

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

Oil & Gas Docket No. 7B-0306150

Complaint by Sturdivant Progress Water Supply Corporation That Rollo Resources, LLC (Operator No. 726791) Does Not Have a Good Faith Claim to Operate the Buchanan, H. Unit (Lease No. 090673), Well No. 1, Mineral Wells, S. (Congl.) Field, Palo Pinto 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, Rollo Resources, LLC failed to request a hearing and did not otherwise respond 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. The Commission received a complaint from Sturdivant Progress Water Supply Corporation ("Complainant") alleging Rollo Resources, LLC ("Rollo"), RRC Operator No. 726791, does not have a good faith claim to operate the Buchanan, H. Unit, Lease No. 090673, Well No. 1 (the "Well") because the written lease relied upon by Rollo has expired.
2. Rollo is the current RRC operator of record for the Well and became the RRC operator in May 2016.
3. In a letter dated August 11, 2017, a Commission Administrative Law Judge ("ALJ") requested in writing that Rollo 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 September 11, 2017. This writing expressly notified Rollo that failure to timely request a hearing would constitute waiver of the provided opportunity given to request a hearing. The letter was sent via first-class mail to Rollo's address of record at the Commission as identified in Rollo's most recent filing of the Commission Form P-5 (Organization Report).
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 lease or a recorded deed conveying a fee interest in the mineral estate." 16 TEX. ADMIN. CODE 3.15(a)(5).

5. Rollo failed to provide evidence that it holds a good faith claim to a continuing right to operate the Well, failed to request a hearing, and failed to otherwise respond to the ALJ's August 11, 2017 letter.
6. At least ten days' notice of an opportunity for hearing was given to Rollo and Complainant.
7. To support its claim, Complainant submitted a letter stating that it currently serves approximately 957 households and is currently drilling additional water wells. It is in the process of buying the tract where the Well is located and needs to get the Well plugged to prevent damage to surface and ground water. According to the mineral owners the contractual lease Rollo relies on as authority to operate the well has expired. The area around the Well is in disarray with rotten tanks, pipes and other items. The well head equipment is inoperable.
8. There has been no reported production on the Well since at least August 2011.
9. Rollo does not have a good faith claim to operate the Well.
10. 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).
11. The Well should be plugged and any plugging extensions relating to it should be revoked.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Rollo was provided an opportunity to request a hearing and failed to do so.

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 §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. See, e.g., TEX. NAT. RES. CODE § 81.051.
3. Rollo 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 a plugging extension and the Well should be plugged.

Ordering Provisions

IT IS THEREFORE ORDERED that Rollo is not eligible for plugging extensions for the Well. Rollo is hereby **ORDERED**, within 30 days from the day immediately following the date this order becomes final, to plug the Well and place the lease in compliance with Statewide Rules 8, 14, and 15, and any other applicable Commission rules.

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 10th day of October 2017 in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated October 10,
2017)

JNC/rnf