

## OIL AND GAS DOCKET NO. 02-0306203

IN RE: COMMISSION CALLED HEARING TO PROVIDE UNIT PETROLEUM COMPANY (OPERATOR NO. 877099) AN OPPORTUNITY TO DEMONSTRATE THAT IT HAS A GOOD FAITH CLAIM TO OPERATE THE KEERAN (08509) LEASE, ALL WELLS, AGULA CREEK (FRIO 8450) FIELD, VICTORIA 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. Unit Petroleum Company ("Unit") holds Form P-5 *Organization Report* Operator No. 877099.
2. Unit is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Keeran (08509) Lease, All Wells, Agula Creek (Frio 8450) Field, Victoria County, Texas.
3. On or about August 11, 2017, Complainant Lucky J Ranch ("Complainant") filed with the Commission a complaint alleging Unit lacks authority to operate the Keeran (08509) Lease, All Wells, Agula Creek (Frio 8450) Field, Victoria County, Texas.
4. On or about August 16, 2017, the Administrative Law Judge requested in writing that Unit 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 September 15, 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. 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. Unit neither provided evidence that it holds a good faith claim to a continuing right to operate the referenced property nor requested a hearing on the matter
5. At least ten days' notice was given to Unit and Complainant.

6. By failing to respond to notice and opportunity for hearing, Unit chose to rely on informal disposition of this docket pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e).
7. Unit has an active Form P-5 with financial assurance in the form of a \$350,000 bond, which expires on July 31, 2018. Unit is the operator of 1,263 wells, of which 370 are in Statewide Rule 14(b)(2) [16 TEX. ADMIN. CODE § 3.14(b)(2)] inactive status.
8. Unit became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Keeran (08509) Lease, All Wells, Agula Creek (Frio 8450) Field, Victoria County, Texas, by filing a Form P-4 dated effective December 21, 1999.
9. The Keeran (08509) Lease, All Wells, Agula Creek (Frio 8450) Field, Victoria County, Texas, reported zero production September 2015 through May 2017.
10. The Keeran (08509) Lease, All Wells, Agula Creek (Frio 8450) Field, Victoria County, Texas, has not reported production since June 2017 2016.
11. 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)].
12. Unit did not present a “good faith claim” to operate the captioned lease and did not respond to an August 16, 2017 Commission letter requesting that it either provide a “good faith claim” to operate the subject lease, or request a hearing on the merits.
13. Absent a “good faith claim” to operate, the subject wells are not eligible for extensions to the plugging requirements of Statewide Rule 15(e)(3).

#### 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. Unit does not have a “good faith claim” to operate the Keeran (08509) Lease, All Wells, Agula Creek (Frio 8450) Field, Victoria County, Texas.

4. The Keeran (08509) Lease, All Wells, Agula Creek (Frio 8450) Field, Victoria County, Texas, are not eligible for extensions to the plugging requirements of Statewide Rule 15(e)(3).

**THEREFORE**, the Railroad Commission of Texas hereby finds Unit Operating Company (Operator No. 877099) does not have a “good faith claim” to operate the Keeran (08509) Lease, All Wells, Agula Creek (Frio 8450) Field, Victoria County, Texas.

**FURTHERMORE**, the Railroad Commission of Texas hereby finds that the Keeran (08509) Lease, All Wells, Agula Creek (Frio 8450) Field, Victoria County, Texas, are not eligible for extensions to the plugging requirements of Statewide Rule 15(e)(3).

It is **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 7<sup>th</sup> day of November 2017, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**  
**(Order approved and signatures affixed**  
**by Hearings Division Unprotested Master**  
**Order dated November 7, 2017)**