
THE COMPLAINT OF BENITO R. VILLAREAL ALLEGING THAT GREEN EXPLORATION COMPANY (OPERATOR NO. 330179) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE VILLAREAL (245754) LEASE, WELL NO. 1, SEJITA, WEST FIELD, DUVAL COUNTY, TEXAS

SUPERSEDE ORDER

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 Fact and Conclusions of Law.

FINDINGS OF FACTS

1. Green Exploration Company (“Green”) was given at least 10 days notice of this proceeding.
2. Green holds Operator No. 330179.
3. Green is the Form P-4 *Certificate of Compliance and Transportation Authority* (“Form P-4”) operator of record for Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas.
4. On September 11, 2015, Complainant Benito R. Villarreal filed with the Commission a complaint alleging Green did not have a good faith claim to a continuing right to operate the Villarreal (ID No. 245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas.
 - a. A hearing on the merits was conducted on May 2, 2016.
5. Green has an active Form P-5 and has financial assurance in place in the form of a \$50,000.00 cash deposit, which expires on November 30, 2018. Green is the operator of 98 wells, of which 68 are in Statewide Rule 14(b)(2) [16 TEX. ADMIN. CODE § 3.14(b)(2)] inactive status.
6. The Villarreal (ID No. 245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas, has a Commission-placed good faith claim hold on the lease.
7. 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)].

8. On August 24, 2016, the Commission issued a Final Order in Oil & Gas Docket No. 04-0298156 (the “Previous Order”) concluding Green did not have a good faith claim to operate the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas; cancelling the plugging extension for the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas; and ordering Green to plug and abandon the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas.
 - a. The Commission also placed a “good faith claim” hold on the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas because of the Previous Order.
9. On August 23, 2017, Green filed with the Commission an application for review of a good faith claim to operate the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas.
10. As evidence of its good faith claim to operate the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas, Green submitted to the Commission:
 - a. an unrecorded Oil, Gas and Mineral Lease dated effective January 26, 2017, from Maria Dolores Villareal, as Lessor, to Ascendance Energy, as Lessee, purporting to cover a portion of the mineral estate in and under the subject property, for a primary term of one year (“Lease 1”);
 - b. an unrecorded Assignment, Conveyance and Bill of Sale of Oil, Gas and Mineral Lease dated effective June 29, 2017, from Ascendance Energy, as Assignor, to Green Exploration Company, as Assignee, purporting to convey all of Ascendance Energy’s right, title and interest in and to Lease 1; and
 - c. an unrecorded Oil, Gas and Mineral Lease dated effective January 26, 2017, from Natalie V. Villareal, as Lessor, to Ascendance Energy, as Lessee, purporting to cover a portion of the mineral estate in and under the subject property, for a primary term of one year.
11. Green filed with the Commission evidence sufficient to establish a good faith to a continuing right to operate the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas.
12. Green has a good faith claim to a continuing right to operate the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas.

13. The Commission-placed good faith claim hold on the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas should be removed.
14. The Commission issued a Final Order in Oil & Gas Docket No. 04-0298156 concluding Green did not have a good faith claim to operate the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas; cancelling the plugging extension for the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas; and ordering Green to plug and abandon the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas, should be superseded.

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. Green Exploration Company has a “good faith claim” to operate the Villarreal (ID No. 245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas.
4. The Villarreal (ID No. 245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas, is eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. The plugging extension the Villarreal (ID No. 245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas, should not be cancelled pursuant to Statewide Rule 15(h).
6. The Villarreal (ID No. 245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas, should be ordered plugged.
7. The Commission-placed good faith claim hold on the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas should be removed.
8. A Final Order superseding the Final Order in Oil & Gas Docket No. 04-0298156, concluding Green did not have a good faith claim to operate the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas; cancelling the plugging extension for the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas; and ordering Green to plug and abandon the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas, is necessary to protect correlative rights.

IT IS THEREFORE ORDERED that the Final Order in Oil & Gas Docket No. 04-0298156, concluding Green did not have a good faith claim to operate the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas; cancelling the plugging extension for the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas; and ordering Green to plug and abandon the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas, is hereby superseded. All other provisions of the Final Order shall remain in full force and effect.

It is further **ORDERED** that Commission-placed good faith claim hold on the Villareal (245754) Lease, Well No. 1, Sejita, West Field, Duval County, Texas should be **REMOVED**.

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).

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

Done this December 5, 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(ORDER APPROVED AND SIGNATURES AFFIXED
BY HEARINGS DIVISION UNPROTESTED MASTER ORDER
DATED DECEMBER 5, 2017)**