
IN RE: COMMISSION CALLED HEARING TO PROVIDE 0306866: COMPLAINT OF JEFF SAGE AGAINST DJM BEASLEY WELL SERVICE (OPERATOR NO. 221732) AN OPPORTUNITY TO DEMONSTRATE THAT IT HAS A GOOD FAITH CLAIM TO OPERATE THE SAGE (30656) LEASE, WELL NO. 1, FARNSWORTH FIELD, JONES 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. DJM Beasley Well Service (“DJM”) holds Form P-5 *Organization Report* Operator No. 221732.
2. DJM is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas.
3. On or about July 31, 2017, Complainant Jeff Sage (“Complainant”) filed with the Commission a complaint alleging DJM lacks authority to operate the Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas.
4. On or about September 20, 2017, by first class letter mail, the Administrative Law Judge requested in writing that DJM 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 October 20, 2017. This writing expressly notified DJM that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing on the matter. DJM 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 DJM and Complainant.
6. By failing to respond to notice and opportunity for hearing, DJM chose to rely on informal disposition of this docket pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e).

7. DJM has an active Form P-5 with financial assurance to operate the subject well. DJM is the operator of 69 wells, of which 12 are in Statewide Rule 14(b)(2) [16 TEX. ADMIN. CODE § 3.14(b)(2)] inactive status.
8. DJM became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas, by filing a Form P-4 dated effective May 1, 2012.
9. The Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas, has not reported production since May 2017.
10. The Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas, reported zero production between April 2013 and May 2017.
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. DJM did not present a “good faith claim” to operate the Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas and did not respond to a September 20, 2017 Commission letter requesting that it either provide a “good faith claim” to operate the Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas, or request a hearing on the merits.
13. Absent a “good faith claim” to operate, the Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas is not eligible for an extension 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. DJM does not have a “good faith claim” to operate the Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas.
4. The Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas, is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).

THEREFORE, the Railroad Commission of Texas hereby finds that DJM Beasley Well Service (Operator No. 221732) does not have a “good faith claim” to operate the Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas.

FURTHERMORE, the Railroad Commission of Texas hereby finds that the Sage (30656) Lease, Well No. 1, Farnsworth Field, Jones County, Texas, is not eligible for an extension 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 5th day of December 2017, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS
(Order approved and signatures affixed
by Hearings Division Unprotested Master
Order dated December 5, 2017)