

CHRISTI CRADDICK, *CHAIRMAN*
RYAN SITTON, *COMMISSIONER*
WAYNE CHRISTIAN, *COMMISSIONER*



RANDALL D. COLLINS, *DIRECTOR*

RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

February 14, 2016

To: Service List

Re: **Oil and Gas Docket No. 7C-0306961:** Complaint by Walter G. Powell That Patno Oil & Gas Company (Operator No. 643327) Does Not Have a Good Faith Claim to Operate the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas; **Final Order**

To the Parties:

The Railroad Commission of Texas has acted upon the above-referenced case. Please refer to the attached Final Order for the terms and date of such action. The Final Order will not be final and effective until at least 25 days after the Commission's order is signed. If a Motion for Rehearing is timely filed, the Final Order will not be final and effective until such Motion is overruled. A Motion for Rehearing should state the reasons you believe a rehearing should be granted, including any errors that you believe exist in the Commission's Final Order. If the Motion is granted, the Final Order will be set aside and the case will be subject to further action by the Commission at that time or at a later date.

To be timely, a Motion for Rehearing must be received by the Commission's Docket Services no later than 5:00 p.m. on the 25th day after the date the decision or order that is the subject of the motion was signed to one of the following addresses:

| | | |
|--|----|--|
| Attn: Docket Services, Hearings Division Railroad Commission of Texas William B. Travis Building, Room 12-123 1701 North Congress Avenue Austin TX 78701 | or | Attn: Docket Services, Hearings Division Railroad Commission of Texas PO Box 12967 Austin TX 78711-2967 |
|--|----|--|

Fax or Email transmissions will not be accepted without prior approval from the Administrative Law Judge ("ALJ"). ORIGINAL PLUS TEN copies of the Motion for Rehearing shall be submitted to the ALJ. **PLEASE DO NOT STAPLE COPIES.** In addition, if practical, parties are requested to provide the ALJ with a copy of the Motion for Rehearing in digital format. The digital format should be labeled with the docket number, the title of the document, and the format of the document.

Every pleading, plea, motion, or request filed with the Hearings Division must be served on all other parties in person, by mail or courier, by fax, by e-mail with consent from the ALJ or the Hearings Division Director, or in another manner directed by the ALJ or the Hearings Division Director. Proof of such service must be evidenced by a certificate of service signed by a party or the party's attorney of record, or signed and verified if the service is made by any other person, and attached to the document filed with the Hearings Division.

Every pleading, plea, motion, or request filed with the Hearings Division shall conform to the requirements of 16 Tex. Admin. Code § 1.32. A pleading, plea, motion, or request filed with the Hearings Division which does not conform to the requirements set forth herein will not be accepted for filing by the Hearings Division.

Contact for Additional Information – In accordance with Tex. Gov't Code § 2001.061 and 16 Tex. Admin. Code § 1.7, ex parte communications with the Administrative Law Judges, Examiners, and Commissioners are prohibited. Any persons or entities desiring additional information may contact the Commission by writing to the Director, Hearings Division, Railroad Commission of Texas, 1701 North Congress Avenue, P. O. Box 12967, Capitol Station, Austin, Texas 78711-2967. Any persons or entities having clerical questions, such as questions regarding the number of copies of filings, the service list or reviewing the record, may contact **David Cornett at 512-463-1290.**

Enclosures:
Service List
Final Order

Service List

Oil & Gas Docket No. 7C-0306961: Complaint by Walter G. Powell That Patno Oil & Gas Company (Operator No. 643327) Does Not Have a Good Faith Claim to Operate the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas

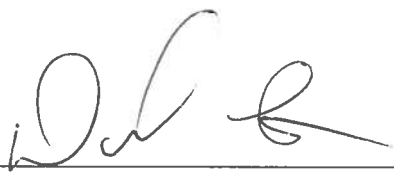
Via First-Class Mail:

Patno Oil & Gas Company
PO Box 790
Zapata, Texas 78076

Clint T. Griffin
P.O. Box 460
Eldorado, Texas 76936

Via Email

Bill Spraggins, RRC, San Angelo
Mysti Doshier, RRC Austin
Santos Gonzales, RRC Austin
Docket Services, RRC Austin

A handwritten signature in black ink, appearing to read 'D. Cornett', is written over a horizontal line.

David Cornett, Hearings Division
Railroad Commission of Texas

Rule §1.7 Ex Parte Communications

- (a) *Ex parte communications are prohibited in contested cases as provided in the APA and other applicable rules including the Texas Disciplinary Rules of Professional Conduct.*
- (b) *Each party shall provide all other parties with a copy of all documents submitted to an examiner.*
 - (1) *The attachment of a certificate of service stating that a document was served on a party creates a rebuttable presumption that the named party was provided a copy.*
 - (2) *Failure to provide a copy to all other parties may result in rejection and return of the document without consideration.*

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 7C-0306961

COMPLAINT BY WALTER G. POWELL THAT PATNO OIL & GAS COMPANY (OPERATOR NO. 643327) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE POWELL UNIT (RRC GAS ID NO. 266981), WELL NO. 1, GENEVA (ELLENBURGER) FIELD, SCHLEICHER COUNTY, TEXAS

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the operator of the captioned lease failed to respond with evidence purporting to demonstrate that the operator maintains a "good faith claim" to operator the captioned lease. 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.

FINDING OF FACT

1. Patno Oil & Gas Company ("Patno") holds Form P-5 *Organization Report Operator* No. 643327. Patno is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas.
2. On or about September 25, 2017, Walter G. Powell submitted to the Commission a complaint letter alleging that Patno lacks authority to operate the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas.
3. On or about October 10, 2017, the Administrative Law Judge requested in writing that Patno 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 November 9, 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.
4. Patno failed to submit any evidence for a good faith claim or to request a hearing.
5. Patno's Form P-5 is active-ext. Patno has a \$50,000.00 letter of credit as its financial assurance.
6. Patno became the Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas, by filing a Form P-4 dated effective April 1, 2016. The lease has no reported production since July 2014.

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. Patno failed to file any evidence to demonstrate Patno's "good faith claim" to a continuing right to operate the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas. Therefore, Patno does not have a "good faith claim" to operate the subject lease.
9. Absent a "good faith claim" to operate, the subject lease is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
10. Absent eligibility for an extension to the plugging requirements of Statewide Rule 15(e)(3), any plugging extensions of the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Patno does not have a "good faith claim" to operate the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas.
4. The Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. Any plugging extensions for the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

THEREFORE, THE RAILROAD COMMISSION OF TEXAS HEREBY FINDS that Patno Oil & Gas Company (Operator No. 643327) does not have a "good faith claim" to operate the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas, and **HEREBY ORDERS** that any plugging extensions for the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas, be cancelled and that Patno Oil & Gas Company shall plug and abandon the well on the Powell Unit (RRC Gas ID No. 266981), Well No. 1, Geneva (Ellenburger) Field, Schleicher County, Texas, in accordance with Statewide Rule 14.

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 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 100 days from the date Commission Order is signed. All pending motions and requests for relief not previously or herein granted are denied.

Done this 13th day of February 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved
and signatures affixed by Hearings Division
Unprotested Master Order dated February 13, 2018)**