

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 7C-0308364:**

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**COMPLAINT OF HERMAN AND CARLA LINDLEY THAT J2 PETROLEUM LLC (427976) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE MOBIL (08675) LEASE, WELL NO. 1, AND THE HENRY (10208) LEASE, WELL NOS. 1 AND 3, ROCK PEN (CANYON) FIELD, IRION COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after notice and opportunity for hearing, the operator of the captioned leases failed to respond with evidence purporting to demonstrate that the operator maintains a "good faith claim" to operate the captioned leases. 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. J2 Petroleum, LLC ("J2 Petroleum") holds Form P-5 *Organization Report* Operator No.427976. J2 Petroleum is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas.
2. On or about December 19, 2017, Herman and Carla Lindley submitted to the Commission a complaint letter alleging that J2 lacks authority to operate the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas..
3. On or about January 25, 2018, the Administrative Law Judge requested in writing that J2 Petroleum 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 January 18, 2018. 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. The deadline was extended to January 29, 2018. J2 Petroleum submitted various lease documentation and information about a pending lawsuit in which J2 Petroleum claims leases are still in effect based on the doctrine of repudiation. However, repudiation will not excuse the violation of statewide rules. Therefore, J2 Petroleum failed to submit any substantial evidence of a good faith claim or to request a hearing.

5. J2 Petroleum has a delinquent Form P-5 status.
6. The Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas, have no reported oil production since May 2016.
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. J2 Petroleum failed to file any evidence to demonstrate J2 Petroleum's "good faith claim" to a continuing right to the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas. Therefore, J2 Petroleum does not have a "good faith claim" to operate the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas.
9. 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).
10. Any plugging extensions of the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

#### **CONCLUSIONS OF LAW**

1. Proper notice of an opportunity for a hearing was timely issued to appropriate persons.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. J2 Petroleum Consulting Corp. does not have a "good faith claim" to operate the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas.
4. The Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas are not eligible for extensions to the plugging requirements of Statewide Rule 15(e)(3).
5. Any plugging extensions for the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

**THEREFORE, THE RAILROAD COMMISSION OF TEXAS HEREBY FINDS** that J2 Petroleum LLC (Operator No.427976) does not have a "good faith claim" to the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas, and **HEREBY ORDERS** that any plugging extensions the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas, be cancelled and that J2 Petroleum LLC shall plug all wells the Mobil (08675) Lease, Well No. 1, and the Henry (10208) Lease, Well Nos. 1 and 3, Rock Pen (Canyon) Field, Irion County, Texas.

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 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 27th day of February 2018, in Austin,  
Texas.

**RAILROAD COMMISSION OF TEXAS (Order  
approved and signatures affixed by  
Hearings Division Unprotested Master Order  
dated February 27, 2018)**