

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 7C-0312650**

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**COMPLAINT BY 31107 FM 1093, LLC THAT MEXTEX OPERATING COMPANY (OPERATOR NO. 562580) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE DUNBAR, LEONARD (RRC GAS ID NO. 055381) LEASE, WELL NO. 2, SHAJUMAR (CANYON) FIELD, KIMBLE COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after notice and opportunity for hearing, the operator of the captioned lease does not maintain a "good faith claim" to operate 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. Mextex Operating Company ("Mextex") holds Form P-5 *Organization Report* Operator No. 562580. Mextex is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble County, Texas.
2. On or about July 5, 2018, 31107 FM 1093, LLC submitted to the Commission a complaint letter alleging that Mextex lacks authority to operate the Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble County, Texas.
3. On or about August 14, 2018, the Administrative Law Judge requested in writing that Mextex 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 13, 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. September 6, 2018, Mextex submitted an email stating that it had "understands and agrees that it has no rights to continue operating this lease/well."
5. Mextex did not request a hearing on the matter.
6. Mextex's Form P-5 is active. Mextex has a \$50,000.00 letter of credit as its financial assurance.
7. Mextex became the Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble County, Texas, by filing a

Form P-4 dated effective March 1, 2016. The lease has no reported production since September 2010.

8. 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)].
9. As demonstrated by its own written submissions, Mextex does not have a "good faith claim" to operate the subject lease.
10. 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).
11. Absent eligibility for an extension to the plugging requirements of Statewide Rule 15(e)(3), any plugging extensions of the Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble 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. Mextex does not have a "good faith claim" to operate the Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble County, Texas.
4. The Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble County, Texas is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. Any plugging extensions for the Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

**THEREFORE, THE RAILROAD COMMISSION OF TEXAS HEREBY FINDS** that Mextex Operating Company (Operator No. 562580) does not have a "good faith claim" to operate the Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble County, Texas, and **HEREBY ORDERS** that any plugging extensions for the Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble County, Texas, be cancelled, that a good-faith-claim hold be placed on any P-4 transfers for such wells, and that Mextex Operating Company shall plug and abandon the well on the Dunbar, Leonard (RRC Gas ID No. 055381) Lease, Well No. 2, Shajumar (Canyon) Field, Kimble 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 30<sup>th</sup> day of October 2018, Austin, Texas.

**Railroad Commission of Texas (Order approved,  
and signatures affixed by Hearings Division  
Unprotested Master Order dated October 30, 2018)**