

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 09-0315467

COMPLAINT BY CHARLES H. MORRISON THAT ARROWHEAD PRODUCTIONS, LP (OPERATOR NO. 033523) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE MORRISON, CHARLES H. LEASE, WELL NO. 1 (GAS ID NO. 104786), WILMAR (BEND) FIELD, JACK COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Arrowhead Productions, LP failed to request a hearing and did not otherwise respond such that this case can proceed as a default. This proceeding having duly been submitted to the Commission at a conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. The Commission received a complaint from Charles H. Morrison ("Complainant") alleging Arrowhead Productions, LP ("Arrowhead"), RRC Operator No. 033523, does not have a good faith claim to operate the Morrison, Charles H. Lease, Well No. 1 (Gas ID No. 104786) (the "Well") because the lease Arrowhead relies on has terminated.
2. Arrowhead is the current RRC operator of record for the Well and became the RRC operator in October 2007.
3. In a letter dated October 8, 2018, a Commission Administrative Law Judge ("ALJ") requested in writing that Arrowhead either (1) provide evidence that it holds a "good faith claim" to a continuing right to operate the Well or (2) request a hearing on the matter on or before November 8, 2018. This writing expressly notified Arrowhead that failure to timely request a hearing would constitute waiver of the provided opportunity given to request a hearing. The letter was sent via first-class mail to Arrowhead's address of record at the Commission as identified in Arrowhead's most recent filing of the Commission Form P-5 *Organization Report* ("Form P-5").
4. 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).

5. Arrowhead failed to provide evidence that it holds a good faith claim, failed to request a hearing and failed to otherwise respond to the ALJ's October 8, 2018 letter.
6. At least ten days' notice of an opportunity for hearing was given to Arrowhead and Complainant.
7. To support his claim, Complainant, submitted a Default Judgment Complainant obtained against Arrowhead finding the contractual lease relied upon by Arrowhead has expired.
8. There has been no reported production on the Well since November 2017.
9. Arrowhead does not have a good faith claim to operate the Well.
10. Absent a good faith claim to operate, the Well is not eligible for extensions to the plugging requirements in Statewide Rule 14 and 15 as provided for in Statewide Rule 15(e).
11. The Well should be plugged, including any associated equipment, and any plugging extensions relating to it should be revoked.
12. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Arrowhead was provided an opportunity to request a hearing and failed to do so.

CONCLUSIONS OF LAW

1. Proper notice of opportunity for hearing was timely issued to appropriate persons entitled to notice. See, e.g., TEX. GOV'T CODE § 2001.051; 16 TEX. ADMIN. CODE § 1.42.
2. The Commission has jurisdiction in this case. See, e.g., TEX. NAT. RES. CODE § 81.051.
3. Arrowhead does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Well. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. The Well is not eligible for a plugging extension, the Well should be plugged, associated equipment should be removed and the subject lease should be placed in compliance with Statewide Rules 8, 14 and 15.

ORDERING PROVISIONS

IT IS THEREFORE ORDERED that Arrowhead is not eligible for plugging extensions for the Well. Arrowhead is hereby **ORDERED**, within 30 days from the date

this order becomes final, to plug the Well, remove the equipment and place the subject lease in compliance with Statewide Rules 8, 14 and 15, and any other applicable Commission rules.

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 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 the parties are notified of this order in accordance with TEX. GOV'T CODE § 2001.144.

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

Done this 11th day of December 2018 in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order dated December 11,
2018)

JNC/mls