

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NOS. 7B-0313952, 7B-0313953

COMPLAINTS OF DONALD SAVERANCE THAT WINCO OIL INC DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE REDDIN, C.L. (28973) LEASE, WELL NO. 1, AND THE FRAZIER, W.H. LEASE (28821), WELL NOS. 1, 1A, AND 3, REDDIN FIELD, TAYLOR COUNTY, TEXAS

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 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.

FINDING OF FACT

1. Winco Oil, Inc. ("Winco") holds Form P-5 *Organization Report* Operator No. 931332. Winco is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Reddin, C.L. (28973) Lease, Well No. 1, Reddin Field, Taylor County, Texas and the Frazier, W.H. (28821) Lease, Well Nos. 1, 1A, and 3, Reddin Field, Taylor County, Texas.
2. On or about August 2, 2018, Donald Saverance submitted to the Commission a complaint letter alleging that Winco lacks authority to operate the Reddin, C.L. (28973) Lease, Well No. 1, Reddin Field, Taylor County, Texas and the Frazier, W.H. (28821) Lease, Well Nos. 1, 1A, and 3, Reddin Field, Taylor County, Texas.
3. On or about August 8, 2018, the Administrative Law Judge requested in writing that Winco 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 11, 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. Winco requested a hearing on the matter.
5. On November 9, 2018, a hearing was held in the above-referenced matter. Winco stated on the record that their leases are not valid. They have no good faith claim to operate the leases and withdrew their contention to the complaints filed by Donald Saverance.
6. Winco's Form P-5 is active. Winco has a \$50,000 bond as its financial assurance.
7. Winco became the Form P-4 *Certificate of Compliance and Transportation Authority* operator of record by filing a Form P-4 for the Reddin, C.L. (28973)

Lease, Reddin Field, Taylor County, Texas effective June 1, 2015. The lease has no reported production since April 2015.

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 admission, Winco does not have a "good faith claim" to operate the subject leases.
10. Absent a "good faith claim" to operate, the subject leases are 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 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. Winco does not have a "good faith claim" to operate the Reddin, C.L. (28973) Lease, Well No. 1, Reddin Field, Taylor County, Texas and the Frazier, W.H. (28821) Lease, Well Nos. 1, 1A, and 3, Reddin Field, Taylor County, Texas.
4. The Reddin, C.L. (28973) Lease, Well No. 1, Reddin Field, Taylor County, Texas and the Frazier, W.H. (28821) Lease, Well Nos. 1, 1A, and 3, Reddin Field, Taylor County, Texas is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. Any plugging extensions for the Reddin, C.L. (28973) Lease, Well No. 1, Reddin Field, Taylor County, Texas and the Frazier, W.H. (28821) Lease, Well Nos. 1, 1A, and 3, Reddin Field, Taylor County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

THEREFORE, THE RAILROAD COMMISSION OF TEXAS HEREBY FINDS that Winco Oil, Inc. (Operator No. 931332) does not have a "good faith claim" to operate the Reddin, C.L. (28973) Lease, Well No. 1, Reddin Field, Taylor County, Texas and the Frazier, W.H. (28821) Lease, Well Nos. 1, 1A, and 3, Reddin Field, Taylor County, Texas, and **HEREBY ORDERS** that any plugging extensions for the Reddin, C.L. (28973) Lease, Well No. 1, Reddin Field, Taylor County, Texas and the Frazier, W.H. (28821) Lease, Well Nos. 1, 1A, and 3, Reddin Field, Taylor County, Texas, be cancelled, that a good-faith-claim hold be placed on any P-4 transfers for such wells, and that Winco Oil, Inc. shall plug and abandon the well on the Reddin, C.L. (28973) Lease, Well No. 1 Reddin Field, Taylor

County, Texas and the Frazier, W.H. (28821) Lease, Well Nos. 1, 1A, and 3, Reddin Field, Taylor 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 23th day of January 2019, Austin, Texas.

**Railroad Commission of Texas (Order approved,
and signatures affixed by Hearings Division
Unprotested Master Order dated January 23, 2019)**