

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. OG-19-00002101: COMPLAINT FILED BY RANDALL CHRISTIAN THAT ACIREMA CORPORATION (OPERATOR NO. 003577) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE CHRISTIAN, B. C. (FAIR) (06573) LEASE, ALL WELLS, EAST TEXAS FIELD, GREGG COUNTY, TEXAS; DISTRICT 6E.

OIL & GAS DOCKET NO. OG-19-00002102: COMPLAINT FILED BY RANDALL CHRISTIAN THAT ACIREMA CORPORATION (OPERATOR NO. 003577) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE CHRISTIAN -A- (06737) LEASE, ALL WELLS, EAST TEXAS FIELD, GREGG COUNTY, TEXAS; DISTRICT 6E.

FINAL ORDER

The Railroad Commission of Texas (“Commission” or “RRC”) finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Acirema Corporation 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 complaints from Randall Christian (“Complainant”) alleging Acirema Corporation (“Acirema”), RRC Operator No. 003577, does not have a good faith claim to operate the wells on the Christian, B. C. (Fair) Lease, Lease No. 06573 and the wells on the Christian -A- Lease, Lease No. 06737, (collectively, the “Wells”) because any contractual lease relied on by Acirema is invalid.
2. Acirema is the current RRC operator of record for the Wells.
3. In a letter dated March 4, 2020, a Commission Administrative Law Judge (“ALJ”) requested in writing that Acirema either (1) provide evidence that it holds a “good faith claim” to a continuing right to operate the Wells or (2) request a hearing on the matter on or before April 3, 2020. This writing expressly notified Acirema 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 Acirema’s address of record at the Commission as identified in Acirema’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. Acirema 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 March 4, 2020 letter.
6. At least ten days’ notice of an opportunity for hearing was given to Acirema and Complainant.
7. To support his claim, Complainant submitted a letter stating that he and his family own the mineral rights where the Wells are located and those mineral rights have never been leased to Acirema.
8. There has been no reported production on the Wells since March 2017.
9. Acirema does not have a good faith claim to operate the Wells.
10. Absent a good faith claim to operate, the Wells are not eligible for extensions to the plugging requirements in Statewide Rule 14 and 15 as provided for in Statewide Rule 15(e).
11. The Wells should be plugged and any plugging extensions relating to them should be revoked.
12. Pursuant to Tex. Gov’t Code §§ 2001.056 and 2001.062(e), Acirema 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. Acirema does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Wells. 16 Tex. Admin. Code § 3.15(a)(5).
4. The Wells are not eligible for a plugging extension and the Wells should be plugged.

Ordering Provisions

IT IS ORDERED that Acirema does not have a good faith claim to operate the Wells, that any plugging extensions for the Wells be cancelled, and that a good-faith-claim hold be placed on any P-4 transfers for the subject leases. Acirema is **ORDERED** to plug the Wells and place the subject leases in compliance with Statewide Rules 8, 14, and 15 (16 Tex. Admin. Code §§ 3.8, 3.14 and 3.15), and any other applicable Commission rules no later than 30 days after this order becomes final.

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.

Signed May 5, 2020, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS
(Order approved and signatures affixed by HD
Unprotested Master Order dated May 5, 2020)

JNC/mls