



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0297734

IN RE: COMMISSION CALLED HEARING TO PROVIDE PATRIOT RESOURCES, INC. AN OPPORTUNITY TO DEMONSTRATE THAT IT HAS A GOOD FAITH CLAIM TO OPERATE THE BUNG (ID NO. 67649) LEASE, WELL NO. 1, WILDCAT FIELD, SCURRY COUNTY, TEXAS, AND SHOW CAUSE WHY THE WELL SHOULD NOT BE ORDERED PLUGGED

FINAL ORDER

The Commission finds that after notice and opportunity for hearing, the prior operator of the captioned lease did not respond and the docket proceeded as a default. 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. Patriot Resources, Inc. (Patriot) holds Operator No. 643401.
2. Patriot is the P-4 Record Operator of the Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas.
3. On May 27, 2015, Complainants James R. Cave and Lois E. Cave submitted to the Commission a request for the Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas, to be plugged.
 - a. The Bung (ID No. 67649) Lease, Well No. 1, is physically located in the northwest quarter of the H&GN R.R. Co Survey, Abstract No. 33, Block No. 3, Section 65, Scurry County, Texas.
 - b. By various instruments dated February 27, 2007, and April 16, 2012, recorded with the County Clerk of Scurry County, Texas, the Cave Children's Trusts Partnership acquired the surface and a portion of the minerals in and below the above referenced property.
 - c. Complainants James R. Cave and Lois E. Cave are managers of the Cave Children's Trusts Partnership.

4. On May 27, 2015, Complainants James R. Cave and Lois E. Cave submitted to the Commission an oil, gas and mineral lease dated May 16, 2008, recorded in Volume 664, Page 726, Official Records, Scurry County, Texas, from Robert Scott Greene and wife, Lula Mae Greene, to Raw Energy, L.C.
 - a. The oil, gas and mineral lease provided for a three year primary term with a two year lease extension option.
 - b. Evidence of lease perpetuation was not submitted to the Commission.
5. At least ten days notice was given to Patriot, Respondent, and James Cave and Lois Cave, Complainants. By letter dated August 14, 2015, Patriot was afforded the opportunity to submit evidence of a continuing right to operate the subject lease and well or request a hearing on the matter. Patriot did neither.
6. By failing to respond to notice and opportunity for hearing, Patriot chose to rely on informal disposition of the Docket pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e).
7. Patriot has a current, active Form P-5 with financial assurance in the form of a Letter of Credit for \$50,000.00 which expires on August 31, 2016. Patriot is the operator of 74 wells, of which 5 are in Statewide Rule 14(b)(2) [16 TEX. ADMIN. CODE § 3.14(b)(2)] inactive status.
8. Patriot became the operator of the Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas, by Form P-4 transfer with an effective date of January 1, 2003, and an approved date of January 8, 2003.
9. The Bung (ID No. 67649) Lease had zero (0) production from October, 1996, till December, 2005. There has been no reported production on the lease since January, 2006.
10. The Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas, was shut-in in January, 1998.
11. 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)].
12. Patriot did not present a "good faith claim" to operate the captioned lease and did not respond to an August 14, 2015, Commission letter requesting that it either provide a "good faith claim" to operate the subject lease or request a hearing.
13. Absent a "good faith claim" to operate, the subject well is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).

14. Absent eligibility for an extension to the plugging requirements of Statewide Rule 15(e)(3), the plugging extension of the subject well should be cancelled pursuant to Statewide Rule 15(h).
15. The current plugging extension status of the Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas, is "Approved."
16. The plugging extension for the Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas, should be cancelled pursuant to Statewide Rule 15(h) and the well plugged.

CONCLUSIONS OF LAW

1. Proper notice of an opportunity for a hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Patriot Resources, Inc. does not have a "good faith claim" to operate the Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas.
4. The Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas, is not eligible for an extension to the plugging requirements of Statewide Rule 15(e)(3).
5. The plugging extension for the Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas, should be cancelled pursuant to Statewide Rule 15(h).

IT IS THEREFORE ORDERED that the plugging extension for the Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas, is **CANCELLED**. Patriot Resources, Inc. is hereby **ORDERED** to plug the Bung (ID No. 67649) Lease, Well No. 1, Wildcat Field, Scurry County, Texas, pursuant to the requirements of Statewide Rule 14(b)(2).

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 November 17, 2015, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Division Unprotected Master
Order dated November 17, 2015)**