

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 04-0299250**

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**COMPLAINT OF CORA VIRGINIA BRUNKS-COLEY THAT MPG PETROLEUM, INC. (RRC OPERATOR NO. 518631) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE BRUNKS (RRC LEASE NO. 12295) LEASE, WELL NOS. 1 AND 1D, HARVEY, N. (12-D) FIELD, SAN PATRICIO COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, MPG Petroleum, Inc. failed to respond and did not request a hearing. This proceeding having been duly submitted to the Railroad Commission of Texas ("Commission" or "RRC") 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. At least ten days' notice was given to MPG Petroleum, Inc., RRC Operator No. 518631 ("MPG").
2. MPG is the RRC operator of record for the Brunks Lease (RRC Lease No. 12295), Well Nos. 1 and 1D ("Wells 1 and 1D").
3. On or about September 23, 2015, the Commission's Oil and Gas Division ("O&G") received a complaint from Cora Virginia Brunks-Coley (the "Complainant") alleging MPG does not have a "good faith claim" to operate Wells 1 and 1D and the wells should be plugged. The Complainant is the surface and mineral estate owner of the property where the wells are located. The Complainant asserts that MPG is not the owner of the surface, and does not have any lease or other agreement which is in force and effect. The Complainant further asserts that Wells 1 and 1D have not been productive in over ten years.
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. O&G conducted an investigation on September 25, 2015, and on September 30, 2015 issued a letter to MPG notifying MPG that the surface and mineral estate owner asserts that MPG does not have a "good faith claim" and requesting MPG to provide O&G evidence of a "good faith claim". In a letter dated October 27, 2015, O&G received

correspondence from MPG discussing negotiations and discussions between the parties but no “good faith claim” evidence was submitted.

6. In a letter to MPG dated December 9, 2015, O&G again requested evidence of a “good faith claim”. In response, MPG provided a Memorandum of Amendment of Commercial Saltwater Disposal Lease Agreement (“Amendment”) executed in March 2013. The Amendment merely provides a four month suspension in the payment of rent; it does not contain the term of lease or any of the lease provisions. Finding the information insufficient, O&G referred this matter to the Commission’s Hearings Division for resolution.
7. In a letter dated April 8, 2016, a Commission Administrative Law Judge (“ALJ”) requested in writing that MPG either (1) provide evidence that it holds a “good faith claim” to a continuing right to operate the referenced well or (2) request a hearing on the matter on or before May 13, 2016. This writing expressly notified MPG that failure to timely request a hearing would constitute waiver of the opportunity given to request a hearing.
8. MPG failed to provide evidence that it holds a “good faith claim” to a continuing right to operate Wells 1 and 1D, failed to request a hearing, and failed to otherwise respond to the ALJ’s April 8, 2016 letter.
9. MPG is current in filing the annual Commission Organization Report (Form P-5). MPG has a \$25,000 bond as financial assurance on file with the Commission.
10. MPG became the RRC operator of record for Wells 1 and 1D in October 2003. There has been no reported production for Wells 1 and 1D since January 2004.
11. MPG does not hold a “good faith claim” to operate Wells 1 and 1D.
12. Absent a "good faith claim" to operate, the subject wells are not eligible for extensions to the plugging requirements in Statewide Rule 14 and 15 as provided for in Statewide Rule 15(e).
13. Wells 1 and 1D should be plugged and any plugging extensions relating to Wells 1 and 1D should be revoked.
14. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), MPG has waived the opportunity to request a hearing on the matter.

### **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. Resolution of this docket is a matter committed to the jurisdiction of the Commission. TEX. NAT. RES. CODE § 81.051.
4. MPG does not have a “good faith claim” to continue operating Wells 1 and 1D.
5. Wells 1 and 1D are not eligible for a plugging extension and Wells 1 and 1D should be plugged.

**IT IS THEREFORE ORDERED** that MPG is not eligible for plugging extensions for Wells 1 and 1D. MPG is hereby **ORDERED** to plug or otherwise place Wells 1 and 1D in compliance with Statewide Rules 14 and 15.

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) and 16 TEX. ADMIN. CODE § 1.149(c), 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 the Commission Order is signed.

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

Done this 7<sup>th</sup> day of June, 2016, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**

(Order approved and signatures affixed by HD  
Unprotested Master Order date June 7, 2016)

JNC/rmf