



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

PROPOSAL FOR DECISION

OIL AND GAS DOCKET NO. 20-0294517

HEARING ON THE APPLICATION OF MIOCENE OIL & GAS, LTD. FOR UNRESTRICTED RENEWAL OF ITS P-5 AND TO CONTEST THE STAFF DETERMINATION THAT ITS P-5 CANNOT BE RENEWED BECAUSE IT HAS NOT COMPLIED WITH THE INACTIVE WELL REQUIREMENTS OF STATEWIDE RULE 15

APPEARANCES

FOR MIOCENE OIL & GAS, LTD.

Miocene Oil & Gas, Ltd. failed to appear at hearing.

FOR THE RAILROAD COMMISSION OF TEXAS:

Melissa Glaze, Staff Attorney, Enforcement Section
Mysti Doshier, Manager, P-5 Financial Assurance Unit

PROCEDURAL HISTORY

Notice of Hearing:	February 13, 2015
Hearing on the merits:	June 8, 2015
Transcript received:	June 15, 2015
Proposal for Decision:	June 26, 2015
Heard by:	Terry J. Johnson, Legal Examiner Richard Eyster, Technical Examiner

SUMMARY

Operator challenges staff determination that renewal of its P-5 Organization Report should not be approved due to the operator's failure to comply with the inactive well requirements of Statewide Rule 15. The record evidence demonstrates that the operator's wells fail to comply with

Statewide Rule 15. The operator failed to appear at hearing. It is recommended that the Commission deny renewal of the P-5 and order the operator to bring the wells into compliance.

EVIDENCE PRESENTED

NON-COMPLIANCE

Mysti Doshier, manager of the Commission's P-5 Financial Assurance Unit, testified at hearing and introduced exhibits demonstrating that Miocene Oil & Gas, Ltd. (Miocene) is the operator of record for 13 inactive wells that fail to comply with the requirements of Statewide Rule 15.¹ The evidence also shows that the P-5 Unit notified Miocene by First Class United States Mail on June 23, 2014, and again by certified mail on November 4, 2014, that these non-compliant wells would prohibit renewal of the Miocene's P-5. Each notice also identified the respective deficiencies of the wells at issue.

Ms. Doshier testified that all of the subject wells remained out of compliance with Rule 15 at the time of hearing on June 8, 2015.²

DISCUSSION AND RECOMMENDATION

FAILURE TO APPEAR

The February 13, 2015 Notice of Hearing in this case initially set the matter for April 20, 2015. On April 7, 2015, Miocene requested a 60-day postponement based on health issues of its principal. This motion was granted and the hearing was re-set for June 8, 2015.

On June 1, 2015, Miocene again sought a 60-day delay based on health issues of its principal. This motion was denied on June 3, 2015. Due to the shortness of time between the motion and the hearing, that same day Examiner Johnson sent the ruling via fax to the fax number published on Miocene's company letterhead. The attempted transmission failed. The Examiner contacted the offices of Miocene by telephone and was given an

¹ 16 TEX. ADMIN. CODE § 3.15 (Surface Equipment Removal Requirements and Inactive Wells).

² Attached Appendix 1, admitted into the record at hearing, identifies the wells and their deficiencies.

email address. On June 5, 2015, an automated email server message advised that delivery of the email had failed.

In the Examiners' opinion, Miocene's failure to appear at hearing was not a mistake or an accident. The operator knew, or in the exercise of reasonable judgement should have known, that hearing would be conducted on June 8, 2015 unless Miocene was notified that its motion to postpone had been granted.

NON-COMPLIANCE

Texas law expressly conditions renewal of a P-5 Organization Report on an operator's compliance with the requirements of Statewide Rule 15.³ Among other things, the rule establishes a one-year deadline for plugging an inactive well. Unless the operator of record obtains an extension of the plugging deadline, it must either re-establish production or plug the well within this one-year period.

The evidence of record in this case shows that Miocene is the operator of record for 13 inactive wells that fail to meet the requirements of Rule 15.

It is recommended that the Commission enter an order denying renewal of Miocene's P-5.

A list of the wells involved, identifying the compliance shortfall of each, is attached as Appendix 1, which is hereby incorporated by reference for all purposes. The Examiners also hereby take official notice of and incorporate by reference attached Appendix 2, Miocene's current P-5, which identifies those who hold a position of ownership or control

FINDINGS OF FACT

1. Miocene Oil & Gas, Ltd. (Miocene) holds Operator Number 570315.
2. Miocene is the operator of record for the oil and gas wells identified on attached Appendix 1, which is hereby adopted and incorporated by reference for all purposes.
3. On or about June 23, 2014, the Commission's P-5 Financial Assurance Unit notified Miocene that renewal of the operator's P-5 Organization Report would be denied for failure to meet the

³TEX. NAT. RES. CODE § 89.022(c)

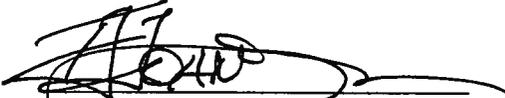
inactive well requirements of 16 TEX. ADMIN. CODE § 3.15 (Statewide Rule 15). This notice identified the respective deficiencies of the wells at issue.

4. On or about November 4, 2014, the Commission's P-5 Financial Assurance Unit notified Miocene that renewal of the operator's P-5 Organization Report would be denied for failure to meet the inactive well requirements of 16 TEX. ADMIN. CODE § 3.15 (Statewide Rule 15). This notice identified the respective deficiencies of the wells at issue and gave Miocene a 30-day deadline to request a hearing to challenge the staff non-compliance determination.
5. Miocene timely requested a hearing, but failed to appear at hearing on June 8, 2015.
6. The oil and gas wells identified on Appendix 1 fail to meet the requirements of Statewide Rule 15 for the reasons stated therein.
7. For purposes of TEX. NAT. RES. CODE § 91.114, at all times relevant hereto Manuel J. Munoz is a person who held a position of ownership or control in Miocene.

CONCLUSIONS OF LAW

1. Miocene Oil & Gas, Ltd. has been provided notice and an opportunity for hearing regarding compliance with TEX. NAT. RES. CODE §§89.021-89.030 and 16 TEX. ADMIN. CODE §3.15.
2. Miocene Oil & Gas, Ltd. has failed to comply with the requirements of TEX. NAT. RES. CODE, Chapter 89, Subchapter B-1 and 16 TEX. ADMIN. CODE §3.15.
3. The P-5 Organization Report of Miocene Oil & Gas, Ltd. may not be renewed or approved. TEX. NAT. RES. CODE § 89.022(c).

RESPECTFULLY SUBMITTED on this the 26th day of JUNE, 2015.


TERRY J. JOHNSON
Legal Hearings Examiner


RICHARD EYSTER
Technical Hearings Examiner

API Number	District	ID Number	Lease Name	Well Number
079 32313 No approved W-3X on file	8A	65946	MALLET LAND & CATTLE COMPANY	3
079 32314 No approved W-3X on file	8A	65946	MALLET LAND & CATTLE COMPANY	4
219 35070 No approved W-3X on file	8A	65946	MALLET LAND & CATTLE COMPANY	2
269 31488 No approved W-3X on file	8A	66110	PEN BRANCH (UPPER STRAWN) UNIT	101
269 31566 No approved W-3X on file	8A	66110	PEN BRANCH (UPPER STRAWN) UNIT	104
269 31576 No approved W-3X on file	8A	66110	PEN BRANCH (UPPER STRAWN) UNIT	202
269 31623 No approved W-3X on file	8A	66110	PEN BRANCH (UPPER STRAWN) UNIT	404
269 31663 No approved W-3X on file	8A	66110	PEN BRANCH (UPPER STRAWN) UNIT	W 6
269 31668 No approved W-3X on file	8A	66110	PEN BRANCH (UPPER STRAWN) UNIT	503
269 31669 No approved W-3X on file	8A	66110	PEN BRANCH (UPPER STRAWN) UNIT	105
269 31677 No approved W-3X on file	8A	66110	PEN BRANCH (UPPER STRAWN) UNIT	W 7
415 00588 No approved W-3X on file	8A	01760	FULLER "A"	1
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
415 00591 No approved W-3X on file	8A	67904	FULLER "A"	2

Appendix 1

OROQ OFFICER/AGENT INQUIRY SELECTION
OPERATOR NUMBER: 570315 ORGANIZATION NAME: MIOCENE OIL & GAS, LTD.
*** ADDITIONAL OFFICER INFORMATION NOT ON FILE ***
AGENT: - MAYFIELD DOCUMENT SERVICES LLC
TITLE: RESIDENT TEXAS AGENT

- TITLE:

- TITLE:

OFFICER: - MUNOZ, MANUEL J.
TITLE: PRESIDENT/SECRETARY/TREASURER * PRIMARY *

- TITLE:

- TITLE:

PF1=MASTER INQUIRY PF4=RESTART OFFICERS PF5=SCROLL OFFICERS PF7=RESTART AGENTS
PF8=SCROLL AGENTS PF2=REMARKS INQUIRY

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FINAL ORDER

The Commission finds that, after statutory notice, the captioned proceedings were heard by the Examiners on June 8, 2015. The Examiners have circulated a Proposal for Decision containing Findings of Fact and Conclusions of Law. Having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, those Findings of Fact and Conclusions of Law are hereby adopted and made a part hereof by reference.

IT IS ORDERED that the application for renewal of the P-5 Organization Report for Miocene Oil & Gas, Ltd., Operator No. 570315 is hereby **DENIED**.

It is further **ORDERED** that all P-4 Certificates of Compliance issued to Miocene Oil & Gas, Ltd. as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

It is further **ORDERED** that Miocene Oil & Gas, Ltd. shall bring the subject wells into compliance with Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) and that the Operator's P-5 Organization Report shall not be renewed until such wells have been brought into compliance in accordance with this order.

It is further **ORDERED** that Miocene Oil & Gas, Ltd. and each person who holds a position of ownership or control in Miocene Oil & Gas, Ltd. are hereby rendered subject to the terms of TEX. NAT. RES. CODE §91.114.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. 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 90 days from the date the parties are notified of the order.

Each exception to the Examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

Noncompliance with the provisions of this order is subject to enforcement by the Attorney General and subject to civil penalties of up to \$10,000.00 per day per violation.

ENTERED in Austin, Texas on this ____ day of _____, 2015.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN DAVID PORTER

COMMISSIONER CHRISTI CRADDICK

COMMISSIONER RYAN SITTON

ATTEST:

SECRETARY

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