

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0279766

IN RE: P-5 ORGANIZATION REPORT OF PETROLIA GROUP, L.L.C.

FINAL ORDER

The Commission finds that after notice and an opportunity for hearing regarding the captioned matter, the Operator failed to request a hearing and pay the hearing fee as required by 16 TEX. ADMIN. CODE §3.15(g)(4) and TEX. NAT. RES. CODE §89.022(f). This matter 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 fact and conclusions of law.

FINDINGS OF FACT

1. Petrolia Group, L.L.C. [Operator #660810] (the "Operator"), is the record operator or one or more inactive wells in the State of Texas and is required to file Organization Report (Form P-5) with the Commission. Operator's most recent P-5 was due on or before August 1, 2012.
2. After filing its most recent Organization Report (Form P-5) with the Commission, the Operator was notified they were deficient and had failed to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 (Surface Equipment Removal Requirements and Inactive Wells) and provided with a written statement of the reasons for the determination and allowed ninety (90) days from the date its P-5 was due to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 and TEX. NAT. RES. CODE §§89.021 - 89.030.
3. After the expiration of ninety (90) days and pursuant to 16 TEX. ADMIN. CODE §3.15(g)(4), an authorized Commission employee determined that the Operator's Organization Report still could not be renewed because the Operator continued to fail to comply with the requirements of 16 TEX. ADMIN. CODE §3.15 (Surface Equipment Removal Requirements and Inactive Wells).
4. The Commission sent the Operator a letter notifying the Operator of the determination of continued non-compliance, that the Operator had a right to request a hearing, and that the hearing request and non-refundable hearing fee had to be received by the Commission no later than 30 days after the date of the letter. The letter included a list, attached as Exhibit A to this order, of the wells that remained out of compliance with Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15).
5. All notices and letters from the Commission to the Operator on this matter were addressed and mailed to the Operator's most recently reported address on the Form P-5 Organization Report.

6. The Operator did not timely request a hearing and pay the hearing fee on these issues as required under 16 TEX. ADMIN. CODE §3.15(g)(4) (Surface Equipment Removal Requirements and Inactive Wells).
7. Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) is a Commission rule that relates to safety or the prevention or control of pollution.

CONCLUSIONS OF LAW

1. The Operator received proper notice and an opportunity for hearing regarding compliance with 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this matter have been performed or have occurred.
3. The Operator is in violation of Commission Statewide Rule 15 and did not timely request a hearing to contest the determination that it was in violation.
4. Denial of renewal of the Operator's P-5 Organization Report is authorized and required by 16 Tex. Admin. Code §3.15(g)(4) and Tex. Nat. Res. Code §§89.022(f).
5. The Operator's P-5 Organization Report cannot be renewed until the operator brings the inactive wells shown on the attached Exhibit A into compliance with the requirements of 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.

IT IS ORDERED that renewal of Petrolia Group, L.L.C.'s P-5 Organization Report is hereby **DENIED**.

It is further ORDERED that Petrolia Group, L.L.C. shall bring the wells on Exhibit A 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 the wells on Exhibit A have been brought into compliance as required by this order.

It is further ORDERED that Petrolia Group, L.L.C. and each person who held a position of ownership or control in the Operator at the time the Operator's most-recent P-5 Organization Report was filed shall be 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.

All requested Findings of Fact and Conclusions of Law which are not expressly adopted herein are **DENIED**. All pending motions and request for relief not previously granted or granted herein are **DENIED**.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Rule 15 Inactive Well
Master Order dated January 29, 2013.)

API Number	District	ID Number	Lease Name	Well Number
049 00314	7B	081816	HORTON, T.G. Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1
049 04050	7B	129788	DAVIS, W.B. Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	3
049 04050	7B	017820	DAVIS, W. B. Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	3
049 30331	7B	062925	LEACH FRED M. Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	1 D
049 30373	7B	062926	NICHOLS O. H. Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1
049 30744	7B	16076	GROOMS, CLEO Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	1 C
049 30963	7B	073928	NICHOLS, O. H. -A- Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1A
049 30965	7B	073813	GROOMS, CLEO -A- Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1A
049 30966	7B	16076	GROOMS, CLEO Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	1
049 31466	7B	154385	BROOKS, D. Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	1
049 31600	7B	16076	GROOMS, CLEO Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	2 C
049 31840	7B	134148	BENNIE, TERRY Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	2

Docket No. 20-0279766

Exhibit A

API Number	District	ID Number	Lease Name	Well Number
049 31892	7B	082076	HORTON, T.G.	2
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
049 31974	7B	081589	GUTHRIE, R.C.	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
049 32036	7B	16076	GROOMS, CLEO	2
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 32457	7B	16076	GROOMS, CLEO	3
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 32458	7B	154405	BROOKS, D.	2
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 32461	7B	095889	BROOKS, D.	3
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 33089	7B	101957	HUGGINS	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
049 33247	7B	154406	MARTIN, WILLIE B.	2
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 33251	7B	105612	BROOKS, D.	4
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 33599	7B	154408	MARTIN, WILLIE B.	3
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 34843	7B	124630	SPIVEY	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
049 34906	7B	133758	SEWARD	1
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				

API Number	District	ID Number	Lease Name	Well Number
049 34951	7B	126450	WALLACE, J.C.	2
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 34955	7B	126661	SEWARD	2
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 34959	7B	126940	WALLACE, J.C.	3
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 34983	7B	127269	DAVIS, W.B.	5
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 35021	7B	128284	DAVIS, M.J.	3
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 35022	7B	130877	DAVIS, M. J.	4
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
049 35250	7B	137575	HUTCHISON, B.	3
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 35426	7B	141273	SEWARD	3
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 35431	7B	140801	HUTCHINSON	4
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
049 35649	7B	158652	GUTHRIE, R.C.	4
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
049 35668	7B	177286	SEWARD	1A
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				

API Number	District	ID Number	Lease Name	Well Number
049 80070	7B	017815	BOENICKE, A.	2
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
049 80071	7B	017816	BOENICKE-FULLER	2
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 80076	7B	017821	DAVIS, W. B.	4
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
049 80077	7B	017822	HUTCHINSON, B.	1
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 80078	7B	017823	LEACH, J. S.	1
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
049 80080	7B	017825	WALLACE, JOHN C.	1
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 80084	7B	017829	R. E. FULLER-ARNOLD BOENICKE	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 failure preventing 14(B)(2) approval				
049 80086	7B	017831	WALLACE, J. C.	1A
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 failure preventing 14(B)(2) approval				
093 31516	7B	29489	HAMER	12
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
093 31518	7B	29489	HAMER	15
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
093 31519	7B	29489	HAMER	14
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				

API Number	District	ID Number	Lease Name	Well Number
093 31520	7B	29489	HAMER	13
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
093 31528	7B	29489	HAMER	17
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
233 06430	10	08307	STATE OF TEXAS A-B	B 11
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
233 80167	10	023939	STATE OF TEXAS A	1
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
233 80168	10	023940	STATE OF TEXAS A	2
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
233 80226	10	024637	STATE -A-	A 8
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
233 80227	10	024639	STATE -A-	A 38
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
233 80538	10	027213	STATE -A-	62R
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
233 80617	10	034543	STATE -A-	A 10
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				

INSUFFICIENT PROGRESS ON 10-YEAR INACTIVE WELLS: For wells shut-in at least 10 years as of September 1, 2010, operators were given five years to address the surface equipment removal requirements. For your Organization Report renewal on AUGUST 1, 2012, Rule 15(i) requires that you be at least 20% complete with this process. Current W-3C records indicate that you have not met this requirement (0% of your phase-in wells show that you have completed the surface cleanup). Your Organization Report renewal cannot be approved until you have met this requirement and have filed the appropriate Commission forms to update our records.