

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0279767

IN RE: P-5 ORGANIZATION REPORT OF PETRON ENERGY, INC.

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. Petron Energy, Inc. [Operator #660821] (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 Petron Energy, Inc.'s P-5 Organization Report is hereby **DENIED**.

It is further ORDERED that Petron Energy, Inc. 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 Petron Energy, Inc. 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
039 32799 No approved W-3X on file	03	201497	TRISCH	1
275 01396 No approved W-3X on file	09	31621	ONE REDDER	22
275 31253 No approved W-3X on file	09	22691	HARLAN, FRED	1
275 31298 No approved W-3X on file	09	22879	LAMBETH, MERLE	103
275 31400 No approved W-3X on file	09	22879	LAMBETH, MERLE	106
275 31655 No approved W-3X on file	09	25264	GASS	2
275 31769 No approved W-3X on file	09	24120	SMITH, JAY	5
275 31852 No approved W-3X on file	09	24800	GASS	4
275 32011 No approved W-3X on file	09	31621	ONE REDDER	32
275 80167 No approved W-3X on file Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval	09	09338	KUEHLER, M. C.	2
275 80168 No approved W-3X on file Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval	09	09338	KUEHLER, M. C.	3
275 80169 No approved W-3X on file Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval	09	09338	KUEHLER, M. C.	4
275 80177 No approved W-3X on file	09	09384	PHILLIPS, P. C.	6
275 80178 No approved W-3X on file	09	09384	PHILLIPS, P. C.	7
275 80215 No approved W-3X on file	09	09594	PHILLIPS, P. C.	11
275 80222 No approved W-3X on file	09	09594	PHILLIPS, P. C.	19
275 80223 No approved W-3X on file	09	09594	PHILLIPS, P. C.	20UT
275 80389 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 lack of Good Faith Claim issue preventing 14(B)(2) approval	09	11537	KUEHLER, M. C.	7

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
275 80551 No approved W-3X on file	09	31621	ONE REDDER	19
275 80552 No approved W-3X on file	09	31621	ONE REDDER	20
275 80553 No approved W-3X on file	09	31621	ONE REDDER	21
275 80555 No approved W-3X on file	09	31621	ONE REDDER	23
275 80556 No approved W-3X on file	09	31621	ONE REDDER	24
275 80558 No approved W-3X on file	09	31621	ONE REDDER	26
275 80562 No approved W-3X on file	09	31621	ONE REDDER	30
275 80563 No approved W-3X on file	09	31621	ONE REDDER	31