RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL & GAS DOCKET NO. 20-0292175

IN RE: P-5 ORGANIZATION REPORT OF XSTAR RESOURCES LLC

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. XStar Resources LLC [Operator #945934] (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 May 1, 2014.

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 by certified mail giving notice to the Operator of the determination of continued non-compliance regarding specified inactive wells, attached as Exhibit A to this order, and advising the Operator of the right to request a hearing to show compliance. The letter notified the Operator that the hearing request must be received in docket services no later than 30 days after the date of the letter. The letter also notified the Operator that a final order denying renewal of the Operator's Organization Report (Form P-5) would result in the cancellation of all P-4 Certificates of Compliance and the severance of all pipeline or other carrier connections.

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. The Operator's P-5 Organization Report should not be renewed and all of the Operator's P-4 Certificates of Compliance should be cancelled, with all related pipeline or other carrier connections severed. 16 Tex. Admin. Code §3.15 (g)(4) and Tex. Nat. Res. Code §§89.022(f), 91.704 - 91.706.

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 XStar Resources LLC's P-5 Organization Report is hereby **DENIED.**

It is further ORDERED that all P-4 Certificates of Compliance issued to XStar Resources LLC as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

It is further ORDERED that XStar Resources LLC 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 XStar Resources LLC 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 October 14, 2014.)

API Number	District	ID Number	Lease Name	Well Number
009 06144	09	13357	WEST VOGTSBERGER UNIT	10
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
009 33631	09	13357	WEST VOGTSBERGER UNIT	16
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
009 81614	09	00411	BLOCK ESTATE	1
No approved W-3X on file				
009 85653	09	13356	EAST VOGTSBERGER UNIT	2
No approved W-3X on file				
009 85655	09	13356	EAST VOGTSBERGER UNIT	4
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
009 85656	09	13356	EAST VOGTSBERGER UNIT	5
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
009 85661	09	13357	WEST VOGTSBERGER UNIT	4
No approved W-3X on file				
083 08350	7B	09542	HAGLER /CAPPS LIME/ UNIT	9
No approved W-3X on file				
083 08773	7B	09542	HAGLER /CAPPS LIME/ UNIT	2
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
083 31842	7B	09542	HAGLER /CAPPS LIME/ UNIT	20
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
083 34902	7B	24643	EAST HAGLER	1 A
No approved W-3X on file				
083 34949	7B	24643	EAST HAGLER	1 B
No approved W-3X on file				
083 34950	7B	24643	EAST HAGLER	2
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
083 81187	7B	09542	HAGLER /CAPPS LIME/ UNIT	3
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
083 81189	7B	09542	HAGLER /CAPPS LIME/ UNIT	5
No approved W-3X on file				
083 81192	7B	09542	HAGLER /CAPPS LIME/ UNIT	8
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
083 81195	7B	09542	HAGLER /CAPPS LIME/ UNIT	11
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
237 06008	09	14732	BEGGS	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
237 30129	09	16346	SUTTON	1
No approved W-3X on file				
237 30200	09	16594	KINDER, ANNA	3
No approved W-3X on file				
237 30390	09	03549	SMITH, B. A.	2
No approved W-3X on file				
237 30538	09	16346	SUTTON	2
No approved W-3X on file				
237 30641	09	112093	DUERSON, L.	1
No approved W-3X on file				
237 31037	09	03549	SMITH, B. A.	3
No approved W-3X on file				
237 31952	09	18756	MAXWELL, VIRGIL E.	1
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
237 32966	09	20556	ELLIS, D. G.	1
No approved W-3X on file				
237 34751	09	18756	MAXWELL, VIRGIL E.	3
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
237 35250	09	176175	SUTTON LEASE	3
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
237 35801	09	111370	WOODS, FLORA ESTATE "A"	1
No approved W-3X on file				
237 35946	09	111848	MARTIN	1
No approved W-3X on file				
237 35996	09	29476	KINDER B	1
No approved W-3X on file				
237 36033	09	24564	FRANK	1
No approved W-3X on file				
237 36313	09	120210	JONAS HEIRS	1
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
237 36483	09	115026	WOODS, FLORA ESTATE "A"	2
No approved W-3X on file				
237 36673	09	25296	JOHNSON-BRUTON	1
No approved W-3X on file				
237 36684	09	147135	ELLIS	1
No approved W-3X on file				
237 36701	09	26194	MAXWELL B	1
No approved W-3X on file				
237 36767	09	270450	BEGGS, W. A. ET AL	2
No approved W-3X on file				
237 36896	09	151150	WADE, R. E.	1
No approved W-3X on file				
237 36938	09	119507	JONAS HEIRS #2	2
No approved W-3X on file				
237 36970	09	25866	BOAZ	1
No approved W-3X on file				
237 37086	09	14732	BEGGS	8
No approved W-3X on file				
237 37256	09	26536	LEACH	1
No approved W-3X on file				
237 37557	09	27247	HATFIELD	1
No approved W-3X on file				
237 37814	09	28136	CARNEY, H.	3
No approved W-3X on file				
237 37963	09	28378	CARNEY, H.	5
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
237 38118	09	29202	CARNEY, H	6
No approved W-3X on file				
237 38940	09	18756	MAXWELL, VIRGIL E.	2
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
237 81541	09	03522	LEACH	3
No approved W-3X on file				
237 83690	09	113525	DIBRELL	2
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
363 35350	7B	209326	BARRON	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
363 35358	09	231729	BARRON	3
No approved W-3X on file				
363 35415	09	218958	KECK	1
No approved W-3X on file				
363 35428	7B	213070	BARRON	5
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
363 35432	7B	213662	BARRON	6
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
363 35446	7B	214293	BARRON	7
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 35447	7B	255381	BARRON	8
No approved W-3X on file				
363 35494	7B	217014	BARRON	9
No approved W-3X on file				
503 35654	09	101696	PRIDEAUX	2
No approved W-3X on file				

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Exhibit A