



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

October 2, 2013

DISCOVERY PETROLEUM, L.L.C.  
P. O. BOX 211  
ALICE, TX 78333-3363

DISCOVERY PETROLEUM, L.L.C.  
1208 LIVE OAK ST  
ALICE, TX 78332

Re: **OIL & GAS DOCKET NO. 20-0284587; IN RE: P-5 ORGANIZATION REPORT OF DISCOVERY PETROLEUM, L.L.C. (OPERATOR NO. 220861); RULE 15 INACTIVE WELL MASTER ORDER/FINAL ORDER**

To the Parties:

The Railroad Commission of Texas has acted upon the above-referenced case. Please refer to the attached Final Order for the terms and date of such action.

This order will not be final and effective until at least 23 days after the date of this letter. If a Motion for Rehearing is timely filed, this order will not be final and effective until such Motion is overruled. A Motion for Rehearing should state the reasons you believe a rehearing should be granted, including any errors that you believe exist in the Commission's order. If the Motion is granted, the order will be set aside and the case will be subject to further action by the Commission at that time or at a later date.

To be timely, a Motion for Rehearing must be received by the Commission's Docket Services (see letterhead address) no later than 5:00 p.m. on the 20th day after you are notified of the entry of this order. You will be presumed to have been notified of this order three days after the date of this letter. This deadline cannot be extended because it is set by law. Fax transmissions will not be accepted without prior approval from the hearings examiner. **ORIGINAL PLUS THIRTEEN** copies of the Motion for Rehearing shall be submitted to the hearings examiner. **PLEASE DO NOT STAPLE COPIES.** One copy must be sent to each party. In addition, if practicable, parties are requested to provide the examiners with a copy of the Motion for Rehearing in digital format. The digital format should be labeled with the docket number, the title of the document, and the format of the document.

Sincerely,

A handwritten signature in cursive script that reads "Colin K. Lineberry".

Colin K. Lineberry, Director  
Hearings Division

CKL/jm

Attachment

cc: Gil Bujano - RRC, Austin  
Ramon Fernandez - RRC, Austin  
Mary Castro - RRC, Austin  
Compliance Analyst - 01  
Compliance Analyst - 02  
Compliance Analyst - 04

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 20-0284587**

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**IN RE: P-5 ORGANIZATION REPORT OF DISCOVERY PETROLEUM, L.L.C.**

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**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. Discovery Petroleum, L.L.C. [Operator #220861] (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, 2013.
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 Discovery Petroleum, L.L.C.'s P-5 Organization Report is hereby **DENIED**.

**It is further ORDERED** that all P-4 Certificates of Compliance issued to Discovery Petroleum, L.L.C. as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

**It is further ORDERED** that Discovery Petroleum, 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 Discovery Petroleum, 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 October 1, 2013.)

API Number	District	ID Number	Lease Name	Well Number
013 02969	01	14015	ROGERS, THEO "C"	5
Must resolve Field Operations issue preventing 14(B)(2) approval				
025 31284	02	089641	MALONE, SID	2
Must resolve Field Operations State Fund Plugging issue preventing 14(B)(2) approval				
025 32075	02	110596	SCOTT RANCH	1A
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
131 09204	04	014340	SOUTHLAND LIFE	31
Must resolve Field Operations H-15 failure preventing 14(B)(2) approval				
131 30444	04	03001	SOUTHLAND LIFE INS.	3
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
131 36339	04	107939	WEST, MARY ROSSI ET AL	A 6
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
131 38060	04	158007	BAHR, JOHN W.	1
Surface equipment must be removed (certify on Form W-3C)				
249 03691	04	039565	BUEGELER, ELBERT	2
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
249 32019	04	11263	CUNNINGHAM	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
283 31274	01	12391	EWALD/HURT UNIT	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
297 30042	02	046950	EL PASO NATURAL GAS	2
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
391 02909	02	07339	ROGERS ESTATE	4
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
427 31884	04	10853	RAMIREZ	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
427 32493	04	158821	GUERRA, R. R.	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
427 32611	04	146815	GUERRA, R. R.	2
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
489 30914	04	11278	YTURRIA CATTLE CO.	3
Must resolve Field Operations issue preventing 14(B)(2) approval				

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 MAY 1, 2013, Rule 15(i) requires that you be at least 40% complete with this process. Current W-3C records indicate that you have not met this requirement (36% 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.

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**Exhibit A**