

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0300243

IN RE: P-5 ORGANIZATION REPORT OF CHESTNUT EXPLOR. AND PROD., 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. Chestnut Explor. and Prod., Inc. [Operator #147847] (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 December 1, 2015.
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 Chestnut Explor. and Prod., Inc.'s P-5 Organization Report is hereby **DENIED**.

It is further ORDERED that all P-4 Certificates of Compliance issued to Chestnut Explor. and Prod., Inc. as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

It is further ORDERED that Chestnut Explor. and Prod., 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 Chestnut Explor. and Prod., 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 25 days after the Commission's Order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). 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 Commission Order is signed.

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 May 3, 2016.)

API Number	District	ID Number	Lease Name	Well Number
239 03074	02	172144	TURNER, E. A. "D"	3
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
239 03077	02	01676	TURNER, E. A. "D"	1
No approved W-3X on file				
239 03078	02	09243	TURNER, E.A	2
No approved W-3X on file				
239 03079	02	01676	TURNER, E. A. "D"	4
No approved W-3X on file				
239 03080	02	01676	TURNER, E. A. "D"	5
No approved W-3X on file				
239 03081	02	08362	TURNER, E. A. "D"	6
No approved W-3X on file				
239 32022	02	07761	TURNER, E.A. "D"	8
No approved W-3X on file				
239 32037	02	08761	TURNER, LEE "C"	1
No approved W-3X on file				
239 32197	02	07889	TURNER, E.A	2
No approved W-3X on file				
239 32202	02	09521	LEE TURNER C	3
No approved W-3X on file				
239 32237	02	01676	TURNER, E. A. "D"	9R
No approved W-3X on file				
239 32681	02	08171	TURNER, E.A	4
No approved W-3X on file				
239 33591	02	271225	TURNER-PLUMMER	1
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
239 33600	03	271289	TURNER-PLUMMER	2
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
489 00202	04	03366	SAUZ RANCH MULATOS PASTURE	78
Production fluids must be purged (certify on Form W-3C) No approved W-3X on file				
489 00205	04	03390	SAUZ RANCH MULATOS PASTURE	10
No approved W-3X on file				
489 00279	04	03366	SAUZ RANCH MULATOS PASTURE	64
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
489 00306	04	03366	SAUZ RANCH MULATOS PASTURE	47
No approved W-3X on file				
489 00330	04	13450	SAUZ RANCH MULATOS PASTURE	19
Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file				
489 30028	04	03366	SAUZ RANCH MULATOS PASTURE	152
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
489 30637	04	12283	SAUZ RANCH MULATOS PASTURE	166
Production fluids must be purged (certify on Form W-3C) No approved W-3X on file				
489 30640	04	03366	SAUZ RANCH MULATOS PASTURE	169
No approved W-3X on file				
489 30652	04	162349	SAUZ RANCH MULATOS PASTURE	170
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
489 30659	04	12283	SAUZ RANCH MULATOS PASTURE	167
No approved W-3X on file				
489 30673	04	12649	SAUZ RANCH MULATOS PASTURE	175
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
489 30673	04	13769	SAUZ RANCH MULATOS PASTURE	175
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
489 30868	04	12550	SAUZ RANCH MULATOS PASTURE	188
No approved W-3X on file				
489 30869	04	04287	SAUZ RANCH MULATOS PASTURE	213
No approved W-3X on file				
489 30875	04	03390	SAUZ RANCH MULATOS PASTURE	206
Production fluids must be purged (certify on Form W-3C) No approved W-3X on file				
489 30878	04	12550	SAUZ RANCH MULATOS PASTURE	202
No approved W-3X on file				
489 30908	04	03390	SAUZ RANCH MULATOS PASTURE	215
No approved W-3X on file				

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Exhibit A