

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0281611

IN RE: P-5 ORGANIZATION REPORT OF MAHLER, KELLY OPERATING

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. Mahler, Kelly Operating [Operator #522276] (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 November 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 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 Mahler, Kelly Operating's P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that Mahler, Kelly Operating 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 Mahler, Kelly Operating 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 May 7, 2013.)

API Number	District	ID Number	Lease Name	Well Number
009 11722	09	10651	PRIDEAUX, INEZ -A- 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	4
009 20258	09	11122	JUSTICE HEIRS -C- Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	4
009 30397	09	16462	WHITTENTON 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	1
009 32133	09	10651	PRIDEAUX, INEZ -A- 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	13 A
009 33277	09	10651	PRIDEAUX, INEZ -A- 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	14
009 33522	09	10651	PRIDEAUX, INEZ -A- 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	15
009 39146	09	26422	KUNKEL "A" 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	1
009 39335	09	10651	PRIDEAUX, INEZ -A- 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	18A
009 39368	09	10398	PRIDEAUX 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	19
009 39369	09	10398	PRIDEAUX 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	18
009 39371	09	10651	PRIDEAUX, INEZ -A- 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	22A
009 39427	09	10651	PRIDEAUX, INEZ -A- 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	25A

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
009 39429	09	10651	PRIDEAUX, INEZ -A- 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	24A
009 39473	09	10651	PRIDEAUX, INEZ -A- 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	23A
009 40921	09	10398	PRIDEAUX 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	27
009 41623	09	30592	JUSTICE, W. M. -B- Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	6
009 81811	09	30593	JUSTICE HEIRS -A- Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1
009 81812	09	30593	JUSTICE HEIRS -A- Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	2
009 81813	09	30593	JUSTICE HEIRS -A- 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
009 81814	09	30593	JUSTICE HEIRS -A- 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	4
009 84326	09	10398	PRIDEAUX 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	3
009 84337	09	10398	PRIDEAUX 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	H 1
009 84415	09	10651	PRIDEAUX, INEZ -A- Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	2
009 84416	09	10651	PRIDEAUX, INEZ -A- Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	3

API Number	District	ID Number	Lease Name	Well Number
009 84418	09	10651	PRIDEAUX, INEZ -A- 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	5
009 84421	09	10651	PRIDEAUX, INEZ -A- 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	8
009 84422	09	10651	PRIDEAUX, INEZ -A- 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	9
503 35976	09	22486	KUNKEL Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1
503 36222	09	22486	KUNKEL Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	4
503 37036	09	22486	KUNKEL Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	7
503 40180	09	28721	PRIDEAUX, R.O. UNIT Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	2D
503 40213	09	28721	PRIDEAUX, R.O. UNIT Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	4D
503 40227	09	28721	PRIDEAUX, R.O. UNIT Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	6D
503 40241	09	28721	PRIDEAUX, R.O. UNIT 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	7D
503 40750	09	07642	PRIDEAUX, NELLIE Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	10A
503 41287	09	07642	PRIDEAUX, NELLIE Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	12A
503 41469	09	22486	KUNKEL Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	13

API Number	District	ID Number	Lease Name	Well Number
503 41480	09	22486	KUNKEL	
Electricity must be disconnected (certify on Form W-3C)				15
No approved W-3X on file				
503 41549	09	31387	KING, B. W. "C"	
Electricity must be disconnected (certify on Form W-3C)				1
No approved W-3X on file				
503 81953	09	07642	PRIDEAUX, NELLIE	
Electricity must be disconnected (certify on Form W-3C)				1
No approved W-3X on file				