

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0304690

IN RE: P-5 ORGANIZATION REPORT OF CANYON CREEK ENERGY TEXAS, 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. Canyon Creek Energy Texas, Llc [Operator #129944] (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, 2016.
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 Canyon Creek Energy Texas, Llc's P-5 Organization Report is hereby **DENIED**.

It is further ORDERED that all P-4 Certificates of Compliance issued to Canyon Creek Energy Texas, Llc as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

It is further ORDERED that Canyon Creek Energy Texas, 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 Canyon Creek Energy Texas, 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 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 10, 2017.)

API Number	District	ID Number	Lease Name	Well Number
355 03377 No approved W-3X on file	04	181275	BALDWIN	24
355 30510 No approved W-3X on file	04	126439	BALDWIN, J. C.	30
355 30605 No approved W-3X on file	04	09441	BALDWIN, J. C.	31
355 30655 No approved W-3X on file	04	08786	SANDERS, M. L. "B"	4
355 31336 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	04	116465	GALLAGHER, J.W.	1
355 32478 No approved W-3X on file	04	180075	BALDWIN, J. C.	34
355 32778 No approved W-3X on file	04	204068	AMOCO BALDWIN	1
355 32782 No approved W-3X on file	04	133946	GALLAGHER, J.W. "B"	B 2
355 33195 No approved W-3X on file	04	175729	BALDWIN, J. C.	9R
355 33288 Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	04	183440	COUNTISS, SAM	1
355 33290 No approved W-3X on file	04	182643	COUNTISS, SAM	2
355 33310 No approved W-3X on file	04	185239	COUNTISS, SAM	4
355 33311 No approved W-3X on file	04	188707	COUNTISS, SAM	3
355 33362 Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	04	220725	COUNTISS, SAM	8
355 33363 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	04	189658	COUNTISS, SAM	7
355 33364 No approved W-3X on file	04	184508	COUNTISS, SAM	6
355 33409 Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	04	186798	COUNTISS, SAM	11

Docket No. 20-0304690

Exhibit A

API Number	District	ID Number	Lease Name	Well Number
355 33423	04	187848	COUNTISS, SAM	1F
			Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	
355 33423	04	254182	COUNTISS, SAM	1F
			Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	
355 33439	04	188595	COUNTISS, SAM	12
			No approved W-3X on file	
355 33449	04	194242	COUNTISS SAM	3 F
			No approved W-3X on file	
355 33463	04	13080	COUNTISS, SAM	15
			Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	
355 33635	04	205921	CODY	7
			No approved W-3X on file	
355 33636	04	204178	B. GALLAGHER 1 GU	5
			No approved W-3X on file	

Docket No. 20-0304690

Exhibit A