

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0325612

IN RE: P-5 ORGANIZATION REPORT OF PALO PINTO BOND COMPANY, 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. Palo Pinto Bond Company, Llc [Operator #637403] (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 September 1, 2019.
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 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 Palo Pinto Bond Company, Llc's P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that Palo Pinto Bond Company, 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 Palo Pinto Bond Company, 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 100 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 March 4, 2020.)

API Number	District	ID Number	Lease Name	Well Number
363 32284 No approved	7B W-3X on file	089069	IRSFELD ET AL	1
363 33031 No approved	09 W-3X on file	261496	ANDREATTA A	1
363 33526 No approved	7B W-3X on file	121084	STUART HEIRS	3
363 33658 No approved	7B W-3X on file	121023	LONG, C.B. "A"	1
363 33759 No approved	7B W-3X on file	27652	STEPHEN UNIT	501
363 33764 No approved	7B W-3X on file	27652	STEPHEN UNIT	101
363 33767 No approved	7B W-3X on file	123790	STEPHEN, PAUL "B"	2
363 33864 No approved	7B W-3X on file	27652	STEPHEN UNIT	502
363 33873 No approved	7B W-3X on file	147504	STEPHEN, PAUL	6
363 33891 No approved	7B W-3X on file	27652	STEPHEN UNIT	305
363 33895 No approved	7B W-3X on file	27652	STEPHEN UNIT	503
363 33945 No approved	7B W-3X on file	132675	LONG, LOLITA	3
363 33970 No approved	7B W-3X on file	27652	STEPHEN UNIT	103U
363 33970 No approved	7B W-3X on file	131401	STEPHEN, PAUL "B"	3 L
363 34008 No approved	7B W-3X on file	133568	STEPHEN, PAUL	12
363 34010 No approved	7B W-3X on file	133589	HINKSON	1
363 34017 No approved	7B W-3X on file	134041	LONG, LOLITA	5
363 34018 No approved	7B W-3X on file	136242	WOODWARD TRUST #1	1
363 34053 No approved	7B W-3X on file	136922	JIAN-T-HINKSON	1

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
363 34082	7B	24265	STEPHEN, PAUL	13
No approved W-3X on file				
363 34202	7B	26688	HINKSON	6
No approved W-3X on file				
363 34270	7B	151703	MARINER	2
No approved W-3X on file				
363 34276	7B	28033	HALIFAX	1
No approved W-3X on file				
363 34282	7B	27177	NOLAND, E.T.	B 1
No approved W-3X on file				
363 34328	7B	27451	HINKSON, LAURA	A 1
No approved W-3X on file				
363 34328	7B	192334	HINKSON, LAURA	2
No approved W-3X on file				
363 34337	7B	153581	HINKSON	8
No approved W-3X on file				
363 34378	7B	26688	HINKSON	10
No approved W-3X on file				
363 34390	7B	154605	PONTREMOLE	2
No approved W-3X on file				
363 34409	7B	155357	MARINER "A"	1
No approved W-3X on file				
363 34449	7B	156798	SLEMMONS, HELEN	1
No approved W-3X on file				
363 34469	7B	28704	HINKSON	7701
No approved W-3X on file				
363 34533	7B	26688	HINKSON	13
No approved W-3X on file				
363 34548	7B	159700	MARINER "A"	2
No approved W-3X on file				
363 34576	7B	161177	HINKSON	14
No approved W-3X on file				
363 34607	09	264246	HINKSON	7702
No approved W-3X on file				
363 34625	7B	163955	REEDER	1
No approved W-3X on file				
363 34670	7B	166184	MARINER "B"	1
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
363 34682	09	31055	BAKER	1
No approved W-3X on file				
363 34687	7B	27797	HINKSON "79"	7902
No approved W-3X on file				
363 34693	7B	166330	HINKSON	15
No approved W-3X on file				
363 34704	09	256752	HINKSON 79	3
No approved W-3X on file				
363 34714	09	256474	HINKSON	16
No approved W-3X on file				
363 34732	7B	27797	HINKSON "79"	7904
No approved W-3X on file				
363 34732	09	262928	HINKSON 79	4
No approved W-3X on file				
363 34737	7B	26688	HINKSON	17
No approved W-3X on file				
363 34737	09	262933	HINKSON	17
No approved W-3X on file				
363 34862	7B	176298	HINKSON	18
No approved W-3X on file				
363 34900	7B	177559	HINKSON	19
No approved W-3X on file				
363 34959	7B	181662	SLEMMONS, HELEN	2
No approved W-3X on file				
363 35014	7B	186245	HINKSON	7905
No approved W-3X on file				
363 35097	7B	27652	STEPHEN UNIT	504
No approved W-3X on file				
363 35157	7B	197329	HINKSON, BILL "A"	A 3
No approved W-3X on file				
363 35172	7B	27652	STEPHEN UNIT	105
No approved W-3X on file				
363 35191	7B	199957	HINKSON	20
No approved W-3X on file				
363 35202	7B	200219	HINKSON, BILL "A"	A 4
No approved W-3X on file				
363 35468	09	219177	KIRK	1
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
363 35619 No approved W-3X on file	09	247772	BILL HINKSON "A"	A 5
363 35623 No approved W-3X on file	09	241518	HINKSON	21
363 35639 No approved W-3X on file	09	237012	ANDREATTA	1
363 35641 No approved W-3X on file	7B	229093	ANDREATTA, J.	2
363 35869 No approved W-3X on file	09	259723	CLARK, GRAHAME	2
363 35970 No approved W-3X on file	09	261051	KIRK A	1

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