

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 20-0280624**

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**IN RE: P-5 ORGANIZATION REPORT OF PGI OPERATING, LLC**

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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. PGI Operating, LLC [Operator #630825] (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, 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 notifying the Operator of the determination of continued non-compliance, that the Operator had a right to request a hearing, and that the hearing request and non-refundable hearing fee had to be received by the Commission no later than 30 days after the date of the letter. The letter included a list, attached as Exhibit A to this order, of the wells that remained out of compliance with Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15).
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. Denial of renewal of the Operator's P-5 Organization Report is authorized and required by 16 Tex. Admin. Code §3.15(g)(4) and Tex. Nat. Res. Code §§89.022(f).

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 PGI Operating, LLC's P-5 Organization Report is hereby **DENIED**.

**It is further ORDERED** that PGI Operating, 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 PGI Operating, 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 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 February 26, 2013.)

API Number	District	ID Number	Lease Name	Well Number
151 01337	7B	08087	SWEETWATER /CANYON SAND/ UNIT	8
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 01339	7B	08087	SWEETWATER /CANYON SAND/ UNIT	17
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 01621	7B	08087	SWEETWATER /CANYON SAND/ UNIT	22
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31021	7B	08087	SWEETWATER /CANYON SAND/ UNIT	50
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31022	7B	08087	SWEETWATER /CANYON SAND/ UNIT	49
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31145	7B	08087	SWEETWATER /CANYON SAND/ UNIT	53R
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31292	7B	08087	SWEETWATER /CANYON SAND/ UNIT	56
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31310	7B	08087	SWEETWATER /CANYON SAND/ UNIT	57
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31311	7B	08087	SWEETWATER /CANYON SAND/ UNIT	58
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31347	7B	08087	SWEETWATER /CANYON SAND/ UNIT	59
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31414	7B	08087	SWEETWATER /CANYON SAND/ UNIT	61
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31415	7B	08087	SWEETWATER /CANYON SAND/ UNIT	64
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
151 31441	7B	08087	SWEETWATER /CANYON SAND/ UNIT	65
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
353 33009	7B	08087	SWEETWATER /CANYON SAND/ UNIT	73
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve lack of Good Faith Claim issue preventing 14(B)(2) approval				
485 30388	09	16543	WAGGONER, T. J. & J. L. -C-	3 A
No approved W-3X on file				
485 30431	09	16543	WAGGONER, T. J. & J. L. -C-	4 A
No approved W-3X on file				
485 30458	09	16543	WAGGONER, T. J. & J. L. -C-	5 A
No approved W-3X on file				
485 30640	09	16543	WAGGONER, T. J. & J. L. -C-	1
No approved W-3X on file				
485 31003	09	05028	WAGGONER, J & J	4
No approved W-3X on file				
485 31004	09	05028	WAGGONER, J & J	38A
No approved W-3X on file				
485 31038	09	16543	WAGGONER, T. J. & J. L. -C-	15 A
No approved W-3X on file				
485 31159	09	05028	WAGGONER, J & J	37
No approved W-3X on file				
485 31521	09	05028	WAGGONER, J & J	42
No approved W-3X on file				
485 31696	09	05028	WAGGONER, J & J	47
No approved W-3X on file				
485 32654	09	17619	WAGGONER, T. J. & J. L.	6
No approved W-3X on file				
485 32655	09	17619	WAGGONER, T. J. & J. L.	5
No approved W-3X on file				
485 34898	09	16543	WAGGONER, T. J. & J. L. -C-	21
No approved W-3X on file				
485 35747	09	16543	WAGGONER, T. J. & J. L. -C-	26
No approved W-3X on file				
485 36911	09	05028	WAGGONER, J & J	49
No approved W-3X on file				
485 36913	09	05028	WAGGONER, J & J	51
No approved W-3X on file				
485 36917	09	05028	WAGGONER, J & J	55
No approved W-3X on file				

API Number	District	ID Number	Lease Name	Well Number
485 39829 No approved W-3X on file	09	16543	WAGGONER, T. J. & J. L. -C-	34
485 41025 No approved W-3X on file	09	05028	WAGGONER, J & J	63
485 42262 No approved W-3X on file	09	16543	WAGGONER, T. J. & J. L. -C-	38
485 44447 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	09	31143	SAUDER, J. M.	3
485 80773 No approved W-3X on file	09	16543	WAGGONER, T. J. & J. L. -C-	23 A
485 80894 No approved W-3X on file	09	05028	WAGGONER, J & J	1A
485 80895 No approved W-3X on file	09	05028	WAGGONER, J & J	1C
485 80898 No approved W-3X on file	09	05028	WAGGONER, J & J	8
485 80902 No approved W-3X on file	09	05028	WAGGONER, J & J	19
485 80905 No approved W-3X on file	09	05028	WAGGONER, J & J	23
485 80910 No approved W-3X on file	09	05028	WAGGONER, J & J	35
485 80911 No approved W-3X on file	09	05028	WAGGONER, J & J	36
485 91419 No approved W-3X on file	09	16543	WAGGONER, T. J. & J. L. -C-	16