

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0283585

IN RE: P-5 ORGANIZATION REPORT OF CLAVO OIL, 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. Clavo Oil, LLC [Operator #158307] (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 March 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 Clavo Oil, LLC's P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that Clavo Oil, 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 Clavo Oil, 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 August 6, 2013.)

API Number	District	ID Number	Lease Name	Well Number
417 01234	7B	05950	NAIL, J. H.	7
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 30263	7B	178617	NAIL RANCH	2021
No approved W-3X on file				
417 30355	7B	177068	NAIL RANCH	3021
No approved W-3X on file				
417 32336	7B	114942	NAIL B-9	2
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 33575	7B	16877	NAIL, J.H. "550"	1
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 33593	7B	16877	NAIL, J.H. "550"	2
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 33646	7B	16931	NAIL, J. A. B-8	2
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 33858	7B	16931	NAIL, J. A. B-8	3
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 33866	7B	16931	NAIL, J. A. B-8	1
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 35898	7B	22186	NAIL B-9 (SHALLOW)	6
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 35899	7B	21606	NAIL B-8	4
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 35900	7B	21606	NAIL B-8	5
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36047	7B	128587	NAIL B-8	6
No approved W-3X on file				
417 36219	7B	22466	NAIL 147	2147
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36306	7B	21606	NAIL B-8	8
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
417 36356	7B	25908	JIMMY-O	1
No approved W-3X on file				
417 36448	7B	22466	NAIL 147	3
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36602	7B	21606	NAIL B-8	10
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36608	7B	23386	NAIL 125 OME "B"	1B
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36618	7B	23218	NAIL B-7	1
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36622	7B	23386	NAIL 125 OME "B"	3
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36648	7B	23219	NAIL B-7A	2
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36664	7B	23583	NAIL RANCH 125	J 10B
No approved W-3X on file				
417 36680	7B	23583	NAIL RANCH 125	J 11B
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36683	7B	23504	NAIL 126	J 13B
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36738	7B	23479	NAIL 127 "J-12"	J 12
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36754	7B	25294	NAIL-125 "NORTH"	J 19B
No approved W-3X on file				
417 36781	7B	23583	NAIL RANCH 125	J 20
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 36851	7B	23583	NAIL RANCH 125	6B
No approved W-3X on file				
417 36852	7B	25294	NAIL-125 "NORTH"	7B
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
417 36856	7B	25294	NAIL-125 "NORTH"	5B
No approved W-3X on file				
417 36857	7B	25618	NAIL OME 125 "4B"	4B
No approved W-3X on file				
417 36878	7B	23479	NAIL 127 "J-12"	J 22
No approved W-3X on file				
417 36891	7B	25294	NAIL-125 "NORTH"	J 21B
No approved W-3X on file				
417 36928	7B	25294	NAIL-125 "NORTH"	2B
No approved W-3X on file				
417 37038	7B	23218	NAIL B-7	702
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 37043	7B	23218	NAIL B-7	3
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 37629	7B	26590	COOK RANCH	B201
No approved W-3X on file				
417 37706	7B	26979	NAIL "103" UNIT	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
417 37724	7B	147500	NAIL "103"	2
No approved W-3X on file				
417 37740	7B	148384	NAIL "99"	1S
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
417 37789	7B	29478	NAIL RANCH "7-A"	1
No approved W-3X on file				
417 37820	7B	26979	NAIL "103" UNIT	3
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
417 37843	7B	151870	NAIL "103"	1S
No approved W-3X on file				
417 37927	7B	27588	NAIL "103"	2S
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
417 37987	7B	157968	NAIL "103" B	3S
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
417 38075	7B	161360	NAIL	142
No approved W-3X on file				
Must resolve UIC H-5 Test issue preventing 14(B)(2) approval				
417 38078	7B	28043	NAIL 20	120A
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
417 38182	7B	167955	NAIL, J.H. -D-	1A
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
417 38485	7B	29478	NAIL RANCH "7-A"	2
No approved W-3X on file				
417 38505	7B	06693	NAIL TRACT 20	2
No approved W-3X on file				
Must resolve UIC H-5 Test issue preventing 14(B)(2) approval				
417 38632	7B	30413	NAIL 47	1
No approved W-3X on file				
417 82094	7B	05950	NAIL, J. H.	3
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 82096	7B	05950	NAIL, J. H.	5
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 82097	7B	05950	NAIL, J. H.	6
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 83323	7B	10812	NAIL, JAMES H. JR.	1
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
417 83325	7B	10812	NAIL, JAMES H. JR.	3
No approved W-3X on file				
Must resolve UIC H-5 Test issue preventing 14(B)(2) approval				
417 83327	7B	10812	NAIL, JAMES H. JR.	5
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				

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Exhibit A

