

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0301212

IN RE: P-5 ORGANIZATION REPORT OF CORETERRA OPERATING, 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. Coreterra Operating, LLC [Operator #178422] (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, 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 Coreterra Operating, LLC's P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that Coreterra 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 Coreterra 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 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 August 9, 2016.)

API Number	District	ID Number	Lease Name	Well Number
065 02233 No approved W-3X on file	10	01801	BONEY, T. J. NCT-3	25
065 31360 No approved W-3X on file	10	05586	WAB-EVELYN	3
179 00734 Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	10	01645	LEOPOLD -C-	1
179 00737 No approved W-3X on file	10	01645	LEOPOLD -C-	2
179 00741 Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	10	01645	LEOPOLD -C-	3
179 00748 Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	10	01645	LEOPOLD -C-	4
179 00784 No approved W-3X on file	10	01645	LEOPOLD -C-	5
179 06261 No approved W-3X on file	10	07031	BROWN "A"	504
179 06426 No approved W-3X on file	10	07030	LJL FARMS	406
179 06432 No approved W-3X on file	10	07030	LJL FARMS	401
179 06463 No approved W-3X on file	10	07030	LJL FARMS	211
179 06484 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	10	00235	JACKSON	4
179 07239 No approved W-3X on file	10	00409	WALL, J. J.	1
179 31040 No approved W-3X on file	10	04801	BELL	5
179 81259 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	10	00235	JACKSON	3
179 81261 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	10	00235	JACKSON	5
179 81367 No approved W-3X on file	10	139553	MEERS	1

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
179 81669 No approved W-3X on file	10	00318	LEOPOLD -A-	2
179 81673 No approved W-3X on file	10	00318	LEOPOLD -A-	6
179 81674 No approved W-3X on file	10	00318	LEOPOLD -A-	7
179 81675 No approved W-3X on file	10	00318	LEOPOLD -A-	8
179 81693 No approved W-3X on file	10	00321	LEOPOLD -B-	8
179 81700 No approved W-3X on file	10	00323	SKOOG	1
179 81701 No approved W-3X on file	10	00323	SKOOG	2
179 81702 No approved W-3X on file	10	00323	SKOOG	3
179 81703 No approved W-3X on file	10	00323	SKOOG	4
179 82193 No approved W-3X on file	10	00409	WALL, J. J.	9
179 83529 No approved W-3X on file	10	00667	SKOOG -A-	1
179 83530 No approved W-3X on file	10	00667	SKOOG -A-	2
179 83531 No approved W-3X on file	10	00667	SKOOG -A-	3
179 83532 No approved W-3X on file	10	00667	SKOOG -A-	4
179 83571 No approved W-3X on file	10	00682	SHORT	4
179 83573 No approved W-3X on file	10	00682	SHORT	6
179 84472 No approved W-3X on file	10	07030	LJL FARMS	106
179 84473 No approved W-3X on file	10	07030	LJL FARMS	107
179 84484 No approved W-3X on file	10	07030	LJL FARMS	212

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
179 84489 No approved W-3X on file	10	07030	LJL FARMS	217
179 84490 No approved W-3X on file	10	07030	LJL FARMS	218
179 84505 No approved W-3X on file	10	07031	BROWN "A"	501
179 84506 No approved W-3X on file	10	07031	BROWN "A"	502
179 84509 No approved W-3X on file	10	07031	BROWN "A"	505
179 84511 No approved W-3X on file	10	07031	BROWN "A"	507
233 00541 Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	10	00872	MAYFIELD -B-C-	B 3
233 01565 Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	10	00872	MAYFIELD -B-C-	C 13
233 05199 No approved W-3X on file	10	00872	MAYFIELD -B-C-	B 12
233 10031 Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	10	00891	STEVENSON -A-	28
233 10087 No approved W-3X on file	10	01991	PHILLIPS, BILL	1
233 10089 Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	10	01991	PHILLIPS, BILL	2
233 10090 No approved W-3X on file	10	01991	PHILLIPS, BILL	3
233 10092 No approved W-3X on file	10	01991	PHILLIPS, BILL	5
233 11771 Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	10	00872	MAYFIELD -B-C-	C 8
233 12953 Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve UIC H-5 Test issue preventing 14(B)(2) approval	10	00872	MAYFIELD -B-C-	C 1W

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
233 81530	10	00872	MAYFIELD -B-C- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	B 1
233 81531	10	00872	MAYFIELD -B-C- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	B 2
233 81535	10	00872	MAYFIELD -B-C- No approved W-3X on file	B 6
233 81537	10	00872	MAYFIELD -B-C- No approved W-3X on file	B 8
233 81545	10	00872	MAYFIELD -B-C- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	C 3
233 81546	10	00872	MAYFIELD -B-C- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	C 4
233 81548	10	00872	MAYFIELD -B-C- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	C 6
233 81549	10	00872	MAYFIELD -B-C- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	C 7
233 81551	10	00872	MAYFIELD -B-C- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	C 9
233 81557	10	00872	MAYFIELD -B-C- No approved W-3X on file	C 15
233 81558	10	00872	MAYFIELD -B-C- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	C 16
233 81560	10	00872	MAYFIELD -B-C- No approved W-3X on file	C 18
233 81634	10	00891	STEVENSON -A- No approved W-3X on file	5
233 81642	10	00891	STEVENSON -A- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	14
233 81643	10	00891	STEVENSON -A- No approved W-3X on file	15
233 81650	10	00891	STEVENSON -A- Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	21

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
233 81651 No approved W-3X on file	10	00891	STEVENSON -A-	22
233 81653 No approved W-3X on file	10	00891	STEVENSON -A-	25
233 81654 Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	10	00891	STEVENSON -A-	26
233 84621 Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	10	01991	PHILLIPS, BILL	4
337 33969 No approved W-3X on file	09	30882	DAUBE	2
337 34005 No approved W-3X on file	09	31089	DONALD & DONALD JV3	6

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Exhibit A