

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0306538

IN RE: P-5 ORGANIZATION REPORT OF MILESTONE OPERATING, INC.

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. Milestone Operating, Inc. [Operator #567103] (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 Milestone Operating, Inc.'s P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that Milestone Operating, Inc. 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 Milestone Operating, Inc. 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 September 19, 2017.)

API Number	District	ID Number	Lease Name	Well Number
199 00025 No approved W-3X on file	03	173258	EAST TEXAS OIL CO. FEE -B-	3
199 00572 No approved W-3X on file	03	10914	EAST TEXAS OIL CO. FEE -C-	12
199 00589 No approved W-3X on file	03	22126	EAST TEXAS OIL CO FEE -C-	29
199 00596 No approved W-3X on file	03	10905	EAST TEXAS OIL CO. FEE -C-	36
199 32643 No approved W-3X on file	03	244394	EAST TEXAS OIL COMPANY FEE "B"	6
199 32643 No approved W-3X on file	03	263403	EAST TEXAS OIL COMPANY FEE "B"	6
245 01686 No approved W-3X on file	03	186166	LOVELLS LAKE FRIO 1 GAS UNIT	37
245 01694 No approved W-3X on file	03	186133	BROUSSARD TRUST	8
245 01699 No approved W-3X on file	03	234372	LOVELLS LAKE FRIO 1 GAS UNIT	39
245 01701 No approved W-3X on file	03	09044	BROUSSARD TRUST	23
245 01702 No approved W-3X on file	03	187608	BROUSSARD TRUST	34
245 01704 No approved W-3X on file	03	09044	BROUSSARD TRUST	41
245 01707 No approved W-3X on file	03	209755	BROUSSARD TRUST	45
245 01724 No approved W-3X on file	03	09050	BEAUMONT LAUNCH CLUB	2
245 01740 No approved W-3X on file	03	24844	LOVELL LAKE GAS UNIT NO. 1	6
245 01754 No approved W-3X on file	03	210127	JEFFERSON LAND COMPANY	4
245 01772 No approved W-3X on file	03	09045	JEFFERSON LAND COMPANY	22
245 01773 No approved W-3X on file	03	207448	JEFFERSON LAND COMPANY	51
245 01776 No approved W-3X on file	03	189092	JEFFERSON LAND CO.	27

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
245 01779	03	072991	LOVELLS LAKE FRIO / GAS UNIT	31
No approved W-3X on file				
245 01779	03	152016	JEFFERSON LAND COMPANY	30
No approved W-3X on file				
245 01780	03	09043	JEFFERSON LAND CO. A/C #1	31
No approved W-3X on file				
245 01787	03	242398	JEFFERSON LAND COMPANY	40
No approved W-3X on file				
245 01791	03	218755	JEFFERSON LAND CO.	43
No approved W-3X on file				
245 01793	03	190366	JEFFERSON LAND COMPANY	45
No approved W-3X on file				
245 01794	03	09052	JEFFERSON LAND COMPANY	46
No approved W-3X on file				
245 01807	03	165898	LOVELL LAKE GAS UNIT 1	8
No approved W-3X on file				
245 01810	03	23096	NELSON, R.B. -B-	7
No approved W-3X on file				
245 01812	03	007031	NELSON, R. B., -B-	1
No approved W-3X on file				
245 01818	03	23193	STEINHAGEN, B. A. "B"	1
No approved W-3X on file				
245 30013	03	172180	BROUSSARD TRUST	62
No approved W-3X on file				
245 31456	03	25282	JEFFERSON LAND COMPANY	58
No approved W-3X on file				
245 31699	03	242866	FAILOR, E.K.	9
No approved W-3X on file				
245 32339	03	24806	QUAIL UNIT	1
No approved W-3X on file				
245 32342	03	205166	QUAIL UNIT	2
No approved W-3X on file				
245 32349	03	227310	JEFFERSON LAND COMPANY	51R
No approved W-3X on file				
245 32458	03	25460	QUAIL UNIT	3
No approved W-3X on file				
245 32551	03	244400	JEFFERSON LAND COMPANY	60
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
245 32566 No approved W-3X on file	03	257936	JEFFERSON LAND COMPANY	61
245 32608 No approved W-3X on file	03	251262	JEFFERSON LAND COMPANY	63
245 80052 No approved W-3X on file	03	007038	LOVELL LAKE FRIO 1 GU	13
245 80128 No approved W-3X on file	03	039949	LOVELL LAKE FRIO I G.U.	8
245 80191 No approved W-3X on file	03	050285	LOVELL LAKE FRIO 1 GAS UNIT	25
245 81508 No approved W-3X on file	03	23096	NELSON, R.B. -B-	2

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Exhibit A