

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0309694

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, 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 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 20, 2018.)

API Number	District	ID Number	Lease Name	Well Number
363 00335	7B	27177	NOLAND, E.T.	1
No approved W-3X on file				
363 31003	7B	26688	HINKSON	4
No approved W-3X on file				
363 31004	7B	26688	HINKSON	3
No approved W-3X on file				
363 32284	7B	089069	IRSFELD ET AL	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 32841	7B	26251	RIEBE, G.	1
No approved W-3X on file				
363 33031	09	261496	ANDREATA A	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 33123	09	257586	HINKSON	9
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 33153	7B	260336	KIRK A	2
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
363 33526	7B	121084	STUART HEIRS	3
No approved W-3X on file				
363 33658	7B	121023	LONG, C.B. "A"	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 33759	7B	27652	STEPHEN UNIT	501
No approved W-3X on file				
363 33767	7B	123790	STEPHEN, PAUL "B"	2
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 33778	7B	141614	STEPHEN, PAUL	4WD
No approved W-3X on file				
363 33779	7B	24265	STEPHEN, PAUL	3
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 33864	7B	27652	STEPHEN UNIT	502
No approved W-3X on file				
363 33869	7B	24265	STEPHEN, PAUL	5U
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
363 33873	7B	147504	STEPHEN, PAUL Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	6
363 33874	7B	27652	STEPHEN UNIT No approved W-3X on file	407
363 33880	7B	24265	STEPHEN, PAUL Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	8
363 33891	7B	27652	STEPHEN UNIT No approved W-3X on file	305
363 33895	7B	27652	STEPHEN UNIT No approved W-3X on file	503
363 33945	7B	132675	LONG, LOLITA Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	3
363 33976	7B	147626	STEPHEN, PAUL No approved W-3X on file	10
363 33985	7B	25738	HINKSON-CALDWELL Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1
363 34008	7B	133568	STEPHEN, PAUL No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	12
363 34010	7B	133589	HINKSON No approved W-3X on file	1
363 34017	7B	134041	LONG, LOLITA No approved W-3X on file	5
363 34018	7B	136242	WOODWARD TRUST #1 No approved W-3X on file	1
363 34028	7B	25937	CRAWFORD "B" Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1
363 34037	09	261835	ELIZABETH Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1
363 34053	7B	136922	JIAN-T-HINKSON Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	1
363 34082	7B	24265	STEPHEN, PAUL No approved W-3X on file	13

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API Number	District	ID Number	Lease Name	Well Number
363 34094	7B	141020	HINKSON	2
No approved W-3X on file				
363 34138	7B	147506	STEPHEN, PAUL	14
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
Electricity must be disconnected (certify on Form W-3C)				
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
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
363 34328	7B	192334	HINKSON, LAURA	2
Surface equipment must be removed (certify on Form W-3C)				
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 34403	7B	26688	HINKSON	11
No approved W-3X on file				
363 34409	7B	155357	MARINER "A"	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 34449	7B	156798	SLEMMONS, HELEN	1
No approved W-3X on file				
363 34467	7B	26688	HINKSON	12
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				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
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 34670	7B	166184	MARINER "B"	1
No approved W-3X on file				
363 34682	09	31055	BAKER	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 34687	7B	27797	HINKSON "79"	7902
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
363 34693	7B	166330	HINKSON	15
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 34704	09	256752	HINKSON 79	3
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 34714	09	256474	HINKSON	16
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 34732	7B	27797	HINKSON "79"	7904
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 34732	09	262928	HINKSON 79	4
Electricity must be disconnected (certify on Form W-3C)				
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 35014	7B	186245	HINKSON	7905
Electricity must be disconnected (certify on Form W-3C)				
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
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				

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API Number	District	ID Number	Lease Name	Well Numbe
363 35172	7B	27652	STEPHEN UNIT	105
No approved W-3X on file				
363 35191	7B	199957	HINKSON	20
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
363 35468	09	219177	KIRK	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 35481	09	219178	HINKSON	7703
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 35619	09	247772	BILL HINKSON "A"	A 5
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 35623	09	241518	HINKSON	21
No approved W-3X on file				
363 35639	09	237012	ANDREATTA	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
363 35970	09	261051	KIRK A	1
No approved W-3X on file				

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