

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0310174

IN RE: P-5 ORGANIZATION REPORT OF AVAD 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. Avad Operating, LLC [Operator #037877] (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 October 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 Avad Operating, LLC's P-5 Organization Report is hereby **DENIED**.

It is further ORDERED that all P-4 Certificates of Compliance issued to Avad 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 Avad 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 Avad 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 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 April 10, 2018.)

API Number	District	ID Number	Lease Name	Well Number
009 33495 No approved	09 W-3X on file	19368	GARVEY, C. K. -D-	3
009 33652 No approved	09 W-3X on file	19368	GARVEY, C. K. -D-	5
009 33855 No approved	09 W-3X on file	19368	GARVEY, C. K. -D-	8
009 33891 No approved	09 W-3X on file	19368	GARVEY, C. K. -D-	9
009 34372 No approved	09 W-3X on file	20425	MARSHALL	3
009 35332 No approved	09 W-3X on file	19007	MCGLOTHIN	5
023 03180 No approved	09 W-3X on file	09181	FRITZ POOL UNIT	14
023 31556 No approved	09 W-3X on file	12065	FRITZ, J. E., EST. -F-	5
023 31565 No approved	09 W-3X on file	10382	BOMARTON POOL UNIT	44
023 31568 No approved	09 W-3X on file	10382	BOMARTON POOL UNIT	46
023 31570 No approved	09 W-3X on file	10382	BOMARTON POOL UNIT	45
023 80584 No approved	09 W-3X on file	10383	BOMARTON POOL UNIT	34
023 80797 No approved	09 W-3X on file	13208	HIGGINS POOL UNIT	45
023 80802 No approved	09 W-3X on file	13208	HIGGINS POOL UNIT	50
023 80825 No approved	09 W-3X on file	13208	HIGGINS POOL UNIT	73
023 80826 No approved	09 W-3X on file	13208	HIGGINS POOL UNIT	74
101 30429 No approved	8A W-3X on file	65820	WYLIE "A"	1407
101 30440 No approved	8A W-3X on file	65820	WYLIE "A"	701
101 30446 No approved	8A W-3X on file	65820	WYLIE "A"	703

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
101 30462 No approved W-3X on file	8A	65820	WYLIE "A"	4004
101 30465 No approved W-3X on file	8A	65820	WYLIE "A"	4003
101 30482 No approved W-3X on file	8A	65820	WYLIE "A"	4009
101 30494 No approved W-3X on file	8A	65820	WYLIE "A"	601
135 03715 No approved W-3X on file	08	02443	PARKER, J. E.	1
135 05360 No approved W-3X on file	08	02443	PARKER, J. E.	2
135 05362 No approved W-3X on file	08	02443	PARKER, J. E.	4
135 05364 No approved W-3X on file	08	02443	PARKER, J. E.	6W
135 08529 No approved W-3X on file	08	02443	PARKER, J. E.	12
135 08532 No approved W-3X on file	08	02443	PARKER, J. E.	15
135 10877 No approved W-3X on file	08	02443	PARKER, J. E.	16
135 11045 No approved W-3X on file	08	02443	PARKER, J. E.	17
135 36265 No approved W-3X on file	08	02443	PARKER, J. E.	18R
135 36554 No approved W-3X on file	08	02443	PARKER, J. E.	19
135 36620 No approved W-3X on file	08	02443	PARKER, J. E.	20
275 00993 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	31
275 00994 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	36
275 01017 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	18
275 01018 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	16

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
275 01020 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	7
275 01022 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	3
275 01031 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	22
275 01032 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	21
275 01277 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	30
275 04028 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	35
275 04038 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	51
275 04043 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	32
275 04044 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	12
275 04046 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	25
275 30207 No approved W-3X on file	09	09527	HOBERT ESTATE	25
275 31520 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	59
275 31588 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	60
275 32009 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	61
275 32041 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	62
275 80237 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	1
275 80241 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	5
275 80245 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	9
275 80246 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	10

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
275 80250 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	14
275 80256 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	20
275 80259 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	23
275 80262 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	26
275 80263 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	27
275 80269 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	33
275 80279 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	44
275 80283 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	48
275 80289 No approved W-3X on file	09	09795	NORTH KNOX CITY UNIT	54
389 31686 No approved W-3X on file	08	30403	RED BLUFF	1
389 32243 No approved W-3X on file	08	36818	RED BLUFF "TXL 9"	1
389 32863 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	08	36819	RED BLUFF "10"	4
417 36440 No approved W 3X on file	7B	23159	NAIL 40	4
417 37004 No approved W-3X on file	7B	23159	NAIL 40	8
417 37111 No approved W-3X on file	7B	23159	NAIL 40	11
417 37113 No approved W-3X on file	7B	23159	NAIL 40	4901
417 37171 No approved W-3X on file	7B	23159	NAIL 40	4902
417 37172 No approved W-3X on file	7B	23159	NAIL 40	12

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
417 37350	7B	23159	NAIL 40	17
No approved W-3X on file				
417 37434	7B	23159	NAIL 40	22
No approved W-3X on file				
417 38053	7B	27853	NAIL RANCH "41B"	7 S
No approved W-3X on file				
417 38066	7B	27964	NAIL RANCH 41	10S
No approved W-3X on file				
417 38076	7B	27993	NAIL RANCH 41C	11S
No approved W-3X on file				
417 38084	7B	28038	ENTL RANCH 41B	13S
No approved W-3X on file				
417 38093	7B	28066	NAIL RANCH 42B	1S
No approved W-3X on file				
417 38114	7B	27853	NAIL RANCH "41B"	17S
No approved W-3X on file				
417 38139	7B	28038	ENTL RANCH 41B	22S
No approved W-3X on file				
417 38191	7B	28310	NAIL RANCH "20"	3 S
No approved W-3X on file				
417 38214	7B	28489	NAIL RANCH "19"	10 S
No approved W-3X on file				
417 38243	7B	28310	NAIL RANCH "20"	9
No approved W-3X on file				
417 38245	7B	28176	NAIL RANCH 42B	5S
No approved W-3X on file				
417 38262	7B	28310	NAIL RANCH "20"	12
No approved W-3X on file				
417 38620	7B	28310	NAIL RANCH "20"	32
No approved W-3X on file				
417 38621	7B	28310	NAIL RANCH "20"	33
No approved W-3X on file				
417 38622	7B	28310	NAIL RANCH "20"	31
No approved W-3X on file				
429 32601	7B	122346	COOPER, O.R.	2
No approved W-3X on file				
429 35284	7B	26864	LEVERAGE, M. R.	1U
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
429 35284	7B	167915	LEVERIDGE, M.R.	1L
No approved W-3X on file				
429 35409	7B	26872	THOMAS, R.O. "A"	2
No approved W-3X on file				
429 35904	7B	185535	SIKES-RANDALL	2
No approved W-3X on file				
429 36614	7B	31927	E.C. THOMPSON	3
No approved W-3X on file				
447 35556	7B	27615	LAMBSHEAD "F-1"	3S
No approved W-3X on file				
447 35557	7B	27615	LAMBSHEAD "F-1"	4S
No approved W-3X on file				
447 35583	7B	27725	EVERETT BROS B-4	1S
No approved W-3X on file				
447 35763	7B	27615	LAMBSHEAD "F-1"	12 S
No approved W-3X on file				
447 35764	7B	27725	EVERETT BROS B-4	11 S
No approved W-3X on file				
447 35877	7B	27693	LAMBSHEAD "C-8"	14S
No approved W-3X on file				
503 33908	09	19999	GARVEY, C. K. -E-	4
No approved W-3X on file				
503 34850	09	20792	GRAHAM	3
No approved W-3X on file				

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Exhibit A