

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0314012

IN RE: P-5 ORGANIZATION REPORT OF OZ GAS CORPORATION

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. OZ Gas Corporation [Operator #630560] (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 February 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 OZ Gas Corporation's P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that OZ Gas Corporation 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 OZ Gas Corporation 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 August 21, 2018.)

API Number	District	ID Number	Lease Name	Well Number
105 01363	7C	048338	ADAMS, CLAY EST.	1126
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 10913	7C	048340	ADAMS, CLAY EST.	2126
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 10916	7C	048339	ADAMS, CLAY EST.	1155
No approved W-3X on file				
105 10921	7C	048341	ADAMS, CLAY EST.	2155
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 10922	7C	048333	BAGGETT, JAMES	1125
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 10938	7C	048335	BAGGETT, JAMES	1157
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 10955	7C	048331	BAGGETT OZ G	1116
No approved W-3X on file				
105 30084	7C	048424	ADAMS, EMMA LOU	1114
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 30912	7C	072532	BAGGETT, J. M. JR. ET AL	2 A
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 30913	7C	068774	BAGGETT, J.M. JR. ETAL	1 A
No approved W-3X on file				
105 30944	7C	068773	BAGGETT, J.M. JR. ETAL	1 C
No approved W-3X on file				
105 30982	7C	072700	BAGGETT, J. M. JR. ETAL	1 D
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 30983	7C	072701	BAGGETT, J. M. JR. ETAL	2 D
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33687	7C	101723	MARLEY	2081
No approved W-3X on file				
105 33691	7C	101897	MARLEY	6081
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
105 33692	7C	101724	MARLEY	7081
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33693	7C	101725	MARLEY	8081
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33694	7C	101896	MARLEY	9081
No approved W-3X on file				
105 33695	7C	101895	MARLEY	1081
No approved W-3X on file				
105 33762	7C	101894	MARLEY	1381
No approved W-3X on file				
105 33763	7C	101893	MARLEY	1581
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33778	7C	103692	PIE PIERCE-WINCHESTER "A"	3081
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33779	7C	104003	PIE PIERCE - WINCHESTER "A"	2081
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33780	7C	103691	PIE PIERCE-WINCHESTER "A"	181
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33781	7C	103388	PIE PIERCE-WINCHESTER "A"	6081
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33782	7C	104004	PIE PIERCE - WINCHESTER "A"	4081
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33783	7C	104005	PIE PIERCE - WINCHESTER "A"	5081
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33784	7C	104006	PIE PIERCE - WINCHESTER "A"	9081
No approved W-3X on file				
105 33785	7C	104007	PIE PIERCE - WINCHESTER "A"	1081
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
105 33786	7C	104009	PIERCE, JOE - WINCHESTER	7081
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
105 33787	7C	104010	PIERCE, JOE - WINCHESTER	8081
			No approved W-3X on file	
105 33841	7C	104008	PIE-PIERCE - WINCHESTER "A"	1181
			Electricity must be disconnected (certify on Form W-3C)	
			No approved W-3X on file	
105 33842	7C	103693	PIE PIERCE-WINCHESTER "A"	1281
			Electricity must be disconnected (certify on Form W-3C)	
			No approved W-3X on file	
105 34226	7C	105837	MARLEY	1681
			Electricity must be disconnected (certify on Form W-3C)	
			No approved W-3X on file	
105 34385	7C	105879	ADAMS, EMMA LOU	5114
			Electricity must be disconnected (certify on Form W-3C)	
			No approved W-3X on file	
105 34656	7C	109030	ADAMS	1166
			No approved W-3X on file	
105 35006	7C	131927	JOHNSON-BAGGETT "164"	1
			No approved W-3X on file	

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Exhibit A