

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0316409

IN RE: P-5 ORGANIZATION REPORT OF WALLIS ENERGY, 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. Wallis Energy, Inc. [Operator #893997] (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 June 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 Wallis Energy, Inc.'s P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that Wallis Energy, 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 Wallis Energy, 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 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 December 11, 2018.)

API Number	District	ID Number	Lease Name	Well Number
007 00262 No approved W-3X on file	04	224998	FULTON BEACH/C SAND/UNIT	4
013 31378 No approved W-3X on file	01	13993	NIXON-DILLARD	1
025 30260 No approved W-3X on file	02	140098	SINCLAIR HUNT	1
025 31440 No approved W-3X on file	02	07840	HARTZENDORF EST.	1
025 33177 No approved W-3X on file	02	08734	NORMANNA TOWNSITE UNIT II	1
047 31500 No approved W-3X on file	04	133959	STATE-MARSHALL	45 U
047 31500 No approved W-3X on file	04	125690	STATE-MARSHALL	45 L
123 31161 No approved W-3X on file	02	093829	SMITH, MARY LEE	1
131 10879 No approved W-3X on file	04	056752	WORDEN-DROUGHT	1
131 11130 No approved W-3X on file	04	045236	WORDEN - DROUGHT	9
131 20120 No approved W-3X on file	04	041674	WORDEN - DROUGHT	8
215 01853 No approved W-3X on file	04	037087	DE RUEDA, EULOGIO	2
215 30021 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	04	047580	TIJERINA UNIT -A-	1
215 30046 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	04	050953	TIJERINA UNIT -A-	3
215 80000 No approved W-3X on file	04	010283	STATE OF TEXAS TR. 11	1
297 33662 No approved W-3X on file	02	07934	MCNEILL	1 B
297 34126 No approved W-3X on file	02	07988	RIPPSTEIN	1
321 31799 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	03	177604	RUNNELLS	1

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
391 02620	02	063138	LAMBERT, J. A.	8
No approved W-3X on file				
391 02947	02	066561	LAMBERT, J. A.	9
No approved W-3X on file				
391 02953	02	061074	HYNES, PHIL	A 1
No approved W-3X on file				
391 03093	04	03615	ROCHE, K. D. -E- STATE OIL UNIT	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
391 03102	04	134807	ROCHE, K.D. "E"	10
No approved W-3X on file				
409 00817	04	00772	EWING -F-	2
No approved W-3X on file				
409 00817	04	010286	EWING -F-	2 C
No approved W-3X on file				
409 01974	04	04663	WILLIAMS, JAMES P.	2 U
No approved W-3X on file				
409 01974	04	04651	WILLIAMS, JAMES P.	2 L
No approved W-3X on file				
409 01976	04	120991	WILLIAMS, JAMES P.	4
No approved W-3X on file				
Must resolve UIC H-5 Test issue preventing 14(B)(2) approval				
409 31530	04	09978	DIX, THOMAS	1
No approved W-3X on file				
409 32853	04	02957	SIMS	11
No approved W-3X on file				
409 32858	04	13515	SIMS	12
No approved W-3X on file				
409 80038	04	036337	SIMS, A. LOY	5
No approved W-3X on file				
409 80204	04	00771	EWING -C-	1
No approved W-3X on file				
409 80205	04	00771	EWING -C-	2
No approved W-3X on file				
409 80207	04	00772	EWING -F-	1
No approved W-3X on file				
409 80534	04	02957	SIMS	1
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Numbe
409 80536 No approved W-3X on file	04	02957	SIMS	6
409 80538 No approved W-3X on file	04	02957	SIMS	10
409 80558 No approved W-3X on file	04	02980	SIMS	8
409 81490 No approved W-3X on file	04	02957	SIMS	3
427 30318 No approved W-3X on file	04	117448	GARZA, RUBEN	1
427 32776 No approved W-3X on file	04	157438	GUERRA MINERAL TRUST (NCT-III)	6
427 33026 No approved W-3X on file	04	167441	GUERRA MINERAL TRUST "NCT III"	9
427 33026 No approved W-3X on file	04	170472	GUERRA MINERAL TRUST "NCT III"	9
479 30619 No approved W-3X on file Must resolve UIC H-5 Test issue preventing 14(B)(2) approval	04	058636	PEREZ, AMADO	4
479 30660 No approved W-3X on file	04	058654	PEREZ, AMADO	7

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Exhibit A