

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 20-0320455**

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**IN RE: P-5 ORGANIZATION REPORT OF PETRO-SMITH OPERATING LLC**

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**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. Petro-Smith Operating LLC [Operator #660313] (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 January 1, 2019.
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 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 Petro-Smith Operating LLC's P-5 Organization Report is hereby **DENIED**.

**It is further ORDERED** that all P-4 Certificates of Compliance issued to Petro-Smith 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 Petro-Smith 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 Petro-Smith 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 June 18, 2019.)

API Number	District	ID Number	Lease Name	Well Number
047 32271	04	238512	MYRICK	2
No approved W-3X on file Must resolve Field Operations issue preventing 14(B)(2) approval				
199 32550	03	132536	ARCO FEE SILSBEE	9
No approved W-3X on file				
239 00943	02	054128	KRAMER #3	1
No approved W-3X on file				
239 00949	02	00842	KRAMER #2	1
No approved W-3X on file				
239 32300	02	124054	WEBERNICK G.U.	1
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
239 32407	02	09235	KRAMER	1
No approved W-3X on file				
239 33525	02	09235	KRAMER	1 A
No approved W-3X on file				
241 30431	03	118384	HANKAMER ET AL	1
No approved W-3X on file				
241 30437	03	118170	HANKAMER ET AL	2
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
241 30441	03	119194	HANKAMER ET AL	3
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
241 30453	03	19151	HANKAMER SWD	1
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
241 30814	03	26786	HANKAMER ET AL	8
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
289 31331	05	03714	FORTSON	1
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file				
355 30443	04	152971	WILSON, E. C.	10
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
409 04011	04	151773	BAYDER, E.	12
No approved W-3X on file				
409 32457	04	10664	BAYDER-MONTGOMERY, E.	13
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
409 32591 No approved W-3X on file	04	10664	BAYDER-MONTGOMERY, E.	14
409 32673 No approved W-3X on file	04	13090	MARTINEZ/SCHMIDT UNIT	1
457 00218 No approved W-3X on file	03	09556	BROWN, WM. S., FEE	1D
457 30004 No approved W-3X on file	03	09556	BROWN, WM. S., FEE	12
479 35632 No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	04	143610	STAGGS-STATE	2
479 35785 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	04	149617	STAGGS-STATE	4
479 35860 No approved W-3X on file	04	12285	DE LA GARZA MINERAL TRUST	8
479 36200 No approved W-3X on file	04	155150	DE LA GARZA MINERAL TRUST	9
479 36201 Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	04	153943	STAGGS STATE	5

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# Exhibit A