

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0322658

IN RE: P-5 ORGANIZATION REPORT OF HOUSTON GULF ENERGY 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. Houston Gulf Energy Corporation [Operator #402723] (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 March 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 Houston Gulf Energy Corporation's P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that Houston Gulf Energy 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 Houston Gulf Energy 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 September 11, 2019.)

API Number	District	ID Number	Lease Name	Well Number
175 02021 No approved W-3X on file	02	238215	BOEHL	2
175 33927 No approved W-3X on file	02	225815	JUSTEN, ELIZABETH	1
175 33947 No approved W-3X on file	02	226487	JUSTEN, ELIZABETH	4
175 33952 No approved W-3X on file	02	226432	TAYLOR	1
175 33969 No approved W-3X on file	02	226479	TAYLOR	2
175 33971 No approved W-3X on file	02	226043	CUTBIRTH	1
175 33973 No approved W-3X on file	02	226042	DOHMANN	2
175 34220 No approved W-3X on file	02	279073	BOEHL	1R
285 32958 No approved W-3X on file	02	190683	GEO-HOPE	2
285 32959 No approved W-3X on file	02	190685	GEO-HOPE	3
285 32985 No approved W-3X on file	02	192492	GEO - HOPE	5
331 00233 No approved W-3X on file	01	14576	BLAKELY, AGNES	1
331 30071 No approved W-3X on file	01	186571	BLACKBURN HUFF	1
331 30214 No approved W-3X on file	01	05288	KILMAN, RAY	1
331 31379 No approved W-3X on file	01	15220	GRAHAM-DEBAULT UNIT	1
331 32434 No approved W-3X on file	01	09437	BLACKBURN, CLIFF	2
331 32629 No approved W-3X on file	01	09883	PERRY, P.H. JR.	2
331 32745 No approved W-3X on file	01	07682	LOVE, EDNA	8
331 32752 No approved W-3X on file	01	14719	WALLER, M L	1

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
331 32972	01	11339	HUBER-PERRY	1
No approved W-3X on file				
331 33571	01	14645	PERRY, P. H.	3
No approved W-3X on file				
331 33665	01	18272	CORPORA	4
No approved W-3X on file				
331 33720	01	17949	HUFF-TRAMMELL UNIT	1H
No approved W-3X on file				
331 33735	01	15215	LOVE, L. W.	1
No approved W-3X on file				
331 33736	01	15214	LOVE, L. W.	2
No approved W-3X on file				
331 33886	01	267177	BLANCHE M. WALL ET AL UNIT	1
No approved W-3X on file				
331 33889	01	18902	CORPORA	5
No approved W-3X on file				
331 34088	01	17676	WAYNE BRINKLEY	1
No approved W-3X on file				
395 00070	05	03819	HILL-ANDERSON	1
No approved W-3X on file				
469 01021	02	069563	BASS, M. F.	3
No approved W-3X on file				
469 32045	02	167812	MCCAN, C.K. JR., ET AL "B"	1
No approved W-3X on file				
469 32275	02	06575	MCCAN, C. K. JR. ETAL -B-	3
No approved W-3X on file				
469 32283	02	06811	MCCAN, C. K. JR ETAL -C-	3
No approved W-3X on file				
469 32322	02	06811	MCCAN, C. K. JR ETAL -C-	2
No approved W-3X on file				
469 32389	02	06811	MCCAN, C. K. JR ETAL -C-	C 4
No approved W-3X on file				
469 32803	02	07770	MCCAN, C.K. JR. ET AL "C"	7
No approved W-3X on file				
469 32922	02	149759	MCCAN, C.K. JR. ET AL "C"	9
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
469 33153 No approved W-3X on file	02	168792	MCCAN	5B
469 33275 No approved W-3X on file	02	173784	MCCAN, C. K. JR. "B"	6
469 34194 No approved W-3X on file	02	09466	MCCAN	1
481 33205 No approved W-3X on file	03	20461	BEMUS HEIRS UNIT	1D

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Exhibit A