



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 20-0316018

APPLICATION OF WATSON ENERGY INVESTMENTS, LLC (OPERATOR NO. 900277) FOR UNRESTRICTED RENEWAL OF ITS P-5 AND TO CONTEST THE STAFF DETERMINATION THAT ITS FORM P-5 CANNOT BE RENEWED DUE TO NONCOMPLIANCE WITH THE INACTIVE WELL REQUIREMENTS OF STATEWIDE RULE 15

PROPOSAL FOR DECISION

HEARD BY:

Kristi M. Reeve – Administrative Law Judge
Petar Buva – Technical Examiner

PROCEDURAL HISTORY:

Hearing Request Date:	October 24, 2018
Notice of Hearing Date:	November 20, 2018
Hearing on the Merits Date:	December 18, 2018
Transcript Received:	January 9, 2018
Record Close Date:	July 15, 2019
Proposal for Decision Issued:	September 11, 2019

APPEARANCES:

For Staff:

Jessica Mendoza, Staff Attorney, Enforcement Section
Mysti Doshier, Manager, P-5 Financial Assurance Unit

For Applicant Watson Energy Investments, LLC:

Don Rhodes, Consulting Agent
John W. Pelger, Petroleum Engineer

For Protestant Petty Family Interests:

Phil McCool, Consultant

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I. Statement of the Case

Watson Energy Investments, LLC ("Watson"), Operator No. 900277, challenges the Railroad Commission ("Commission") staff's ("Staff's") determination that renewal of its Commission Form P-5 *Organization Report* cannot be approved due to Watson's failure to comply with the Commission's inactive well requirements of Statewide Rule 15.¹

At the hearing Staff and Watson stipulated that Watson was noncompliant with the inactive well requirements as to forty-five (45) wells. Watson argued it should be entitled to an exception to Statewide Rule 15 due to the fact Watson took over seventeen (17) wells from another operator during its current P-5 year (October of 2017) and subsequently put those wells back into production. Watson requested an exception to Statewide Rule 15, contending that some of those wells should count towards Watson's 10% blanket extension option for its 2018 P-5 renewal.

On July 15, 2019, Staff filed a status update showing Watson remained noncompliant on one well due to an unresolved mechanical integrity test issue ("H-5 issue"). The well is not eligible for a plugging extension until the H-5 issue is resolved, as the well is otherwise in violation of a Commission rule. Thus, Watson's request for and need of an exception to the 10% blanket extension option is moot. As of the date of this PFD, Watson remains noncompliant on the one well due to the H-5 issue.

The Petty Family Interests ("Petty") appeared in protest of Watson's application. Petty stated it has an interest in the H-5 issue and inactive wells.

The Administrative Law Judge and Technical Examiner (collectively "Examiners") respectfully submit this Proposal for Decision ("PFD") and recommend the Commission deny Watson's request to allow renewal of Watson's organization report and order Watson to bring the noncompliant well into compliance with the inactive well requirements.

II. Jurisdiction and Notice²

Sections 81.051 and 81.052 of the Texas Natural Resources Code provide the Commission with jurisdiction over all persons owning or engaged in drilling or operating oil or gas wells in Texas and the authority to adopt all necessary rules for governing and regulating persons and their operations under the jurisdiction of the Commission. Additionally, section 89.022 of the Texas Natural Resources Code specifically requires operators to comply with Commission inactive well rules and prevents the Commission from renewing an operator's organization report if that operator is out of compliance.

¹ 16 Tex. Admin. Code §3.15

² The hearing transcript in this case is referred to as "Tr. at [pages:lines]." Exhibits are referred to by party name and exhibit number. For example, Watson's as "Watson Ex. [exhibit no(s)]."

Prior to the Commission issuing an order refusing to renew an operator's organization report, Staff must first determine that the operator has failed to comply with the inactive well requirements, and Staff must:

- (1) notify the operator of the determination;
- (2) provide the operator with a written statement of the reasons the organization report does not qualify for renewal; and
- (3) notify the operator that the operator has 90 days to comply with the requirements of this subchapter.³

In a letter to Watson dated June 8, 2018, Staff notified Watson that Staff had determined renewal of Watson's Commission Form P-5 *Organization Report* ("P-5") should be denied because Watson was noncompliant with the inactive well requirements; Staff provided the reasons for the determination.⁴ This letter also provided Watson 90 days to comply with the inactive well requirements.⁵

After the initial letter, the Natural Resources Code requires the following additional notification:

[T]he authorized commission employee or designated person shall determine whether the organization report qualifies for renewal and notify the operator of the determination. If the authorized commission employee or designated person determines that the organization report does not qualify for renewal because the operator has continued to fail to comply with the requirements of this subchapter, the operator, not later than the 30th day after the date of the determination, may request a hearing regarding the determination.⁶

In a letter dated October 3, 2018, Staff again notified Watson that Staff had determined renewal of Watson's P-5 should be denied because Watson was noncompliant with the inactive well requirements; Staff again provided the reasons for the determination.⁷ The October 3, 2018 letter provided Watson 30 days to request a hearing regarding this determination. In a letter filed October 24, 2018, Watson requested a hearing. This case followed.

On November 20, 2018, the Commission's Hearings Division sent a Notice of Hearing ("Notice") to Watson, Staff and surface owners, setting a hearing date of December 18, 2018.⁸ Consequently, the parties received more than 10 days' notice. The Notice contains: (1) a statement of the time, place, and nature of the hearing; (2) a

³ Tex. Nat. Res. Code § 89.022(d); *see also* 16 Tex. Admin. Code § 3.15(g)(3).

⁴ Staff Ex.

⁵ *Id.*

⁶ Tex. Nat. Res. Code § 89.022(e); *see also* 16 Tex. Admin. Code § 3.15(g)(4).

⁷ Staff Ex.

⁸ *See* Notice of Hearing (issued November 20, 2018).

statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted.⁹ The hearing was held on December 18, 2018, as noticed. Watson, Staff, and protestant surface owner Perry appeared and participated at the hearing.

III. Applicable Legal Authority

The Texas Natural Resources Code requires operators to comply with inactive well statutes and rules; if an operator is not in compliance, the Natural Resources Code mandates that the Commission refuse to renew a noncompliant operator's organization report.

Section 89.022 requires operators to plug inactive wells or obtain plugging extensions in compliance with Commission rules and statutes. Otherwise, the Commission must refuse to renew an operator's organization report, which is required for the operator to engage in operations within the Commission's jurisdiction such as drilling or operating oil and gas wells in Texas.¹⁰ Section 89.022 of the Texas Natural Resources Code specifically provides:

PLUGGING OF INACTIVE WELLS REQUIRED.

- (a) Except as provided by Section 89.023, on or before the date the operator is required to renew the operator's organization report required by Section 91.142, an operator of an inactive well must plug the well in accordance with statutes and commission rules in effect at the time of plugging. . . .
- (b) Notwithstanding Subsection (a), a person who assumes responsibility for the physical operation and control of an existing inactive well must satisfy the requirements of Sections 89.023(a) (1) and (3) not later than six months after the date the commission approves the initial form described by Section 89.002(a)(2) and filed with the commission under which the person assumes responsibility for the well.
- (c) The commission may not renew or approve the organization report . . . for an operator that fails to comply with the requirements of this subchapter. . . .
- (f) If the commission determines following the hearing that the operator has failed to comply with the requirements of this subchapter or the operator fails to file a timely request for a hearing, the commission by order shall refuse to renew the organization

⁹ See Tex. Gov't Code §§ 2001.051, 052; 16 Tex. Admin. Code §§ 1.42, 1.45.

¹⁰ See 16 Tex. Admin. Code § 3.1(a)(1).

report. The organization report remains in effect until the commission's order becomes final.¹¹

Section 89.023 provides for an extension of the deadline for plugging an inactive well. Section 89.023 of the Texas Natural Resources Code provides in part:

EXTENSIONS OF DEADLINE FOR PLUGGING INACTIVE WELL.

- (a) The commission may grant an extension for the deadline for plugging an inactive well if the operator maintains a current organization report as required by Section 91.142 and if, on or before the date of renewal of the operator's organization report as required by that section, the operator files with the commission an application for an extension that includes...

- (3) at least one of the following:

- (A) documentation that since the preceding date that the operator's organization report was required to be renewed the operator has plugged, or restored to active operations as defined by commission rule, a number of inactive wells equal to or greater than 10 percent of the number of inactive wells operated by the operator on that date....

The applicable Commission rule in this case is Statewide Rule 15 (or "Rule 15"), which provides the inactive well requirements.¹² Statewide Rule 15(d) states:

- (d) Plugging of inactive land wells required.

- (1) An operator that assumes responsibility for the physical operation and control of an existing inactive land well must maintain the well and all associated facilities in compliance with all applicable Commission rules and orders and within six months after the date the Commission or its delegate approves an operator designation form must either:

- (A) restore the well to active status as defined by Commission rule;
 - (B) plug the well in compliance with a Commission rule or order;
or
 - (C) obtain approval of the Commission or its delegate of an

¹¹ See also 16 Tex. Admin. Code § 3.15(d).

¹² Statewide Rule 15 refers to 16 Tex. Admin. Code § 3.15.

extension of the deadline for plugging an inactive well.¹³

Statewide Rule 15 allows for three blanket plugging extension options as provided for in Section 89.023 of the Texas Natural Resources Code.¹⁴ One of those options is referred to as the 10% option, which is applied for on a Commission Form W-3X *Application for an Extension of Deadline for Plugging an Inactive Well*. Statewide Rule 15(f)(B)(i) states:

For all inactive land wells that an operator has operated for more than 12 months, the operator has plugged or restored to active operations, as defined by Commission rule, 10% of the number of inactive land wells at the time of the last annual renewal of the operator's organization report.¹⁵

Watson has requested an exception to the 10% option, requesting that some of the wells it took over during its current P-5 year and subsequently returned to active operations should count towards the 10%, even though those wells were not operated by Watson for more than 12 months nor did they achieve active status within Watson's 2018 P-5 year.

At the time of this PFD, Watson remains noncompliant on one well due to an H-5 mechanical integrity issue, a violation of Commission rules. Statewide Rule 15(e) provides for extensions of the deadline for plugging an inactive land well if:

(4) the well and associated facilities are otherwise in compliance with all Commission rules and orders....¹⁶

A well is not eligible for a plugging extension if the well is otherwise noncompliant with a Commission rule. Watson remains otherwise noncompliant on one well, thus Watson is not eligible for any type of plugging extension on that well. This makes Watson's request for an exception to the 10% option moot.

For Watson to show compliance with the inactive well requirements, Watson must show that it is in compliance with Statewide Rule 15 such that all inactive wells have either been restored to active operations, plugged or subject to approved plugging extensions. Otherwise, the Commission must refuse to renew Watson's P-5.

IV. Discussion of Evidence

At the beginning of the hearing, Watson and Staff stipulated in agreement that forty-five (45) of Watson's wells are inactive and not in compliance with the inactive well

¹³ 16 Tex. Admin. Code § 3.15(d).

¹⁴ 16 Tex. Admin. Code § 3.15(f)(B)(i); *see also* Tex. Nat. Res. Code § 89.023.

¹⁵ 16 Tex. Admin. Code § 3.15(f)(B)(i).

¹⁶ 16 Tex. Admin. Code § 3.15(e)(4).

requirements.¹⁷ Watson agreed the wells identified in Staff's exhibit packet show forty-five (45) wells to be noncompliant and why.¹⁸

Watson

Watson had eleven (11) exhibits, ten (10) of which were admitted. Watson's exhibits consisted of the following:

1. Written copy of Watson's opening statement;¹⁹
2. Letter dated October 3, 2018, with attachments from Staff to Watson providing a second notice to Watson of the determination to not renew Watson's P-5 and providing 30 days to request a hearing;²⁰
3. Letter dated November 20, 2018, from Don Rhodes on behalf of Watson requesting a hearing in the matter. It is unsigned and not file stamped with the Commission;²¹
4. December 4, 2018, Commission mainframe printout of the P-5 Financial Assurance Inquiry screen showing Watson had financial assurance in the amount of \$50,000 as of April 6, 2018;²²
5. December 4, 2018, Commission mainframe printouts of the P-4 Inquiry screen for the wells Watson took over effective October 1, 2017;²³
6. Copies of seventeen (17) Commission Forms W-10, *Oil Well Status Report*, retests for the wells that Watson is alleging were returned to active status this calendar year, sixteen (16) of which were not returned to active status until after Watson's 2018 P-5 year ended;²⁴
7. December 14, 2018, Commission online system printouts of the Query Results Production by Lease for four (4) of the leases contained on the listing of noncompliant wells;²⁵
8. Commission Forms W-3C *Certification of Surface Equipment Removal For An Inactive Well* for thirty-three (33) of the noncompliant wells;²⁶

¹⁷ Tr. at 9:9 to 9:11.

¹⁸ Staff Ex.

¹⁹ Watson Ex. 1.

²⁰ Watson Ex. 2, same as Staff Ex., but working copy as includes Watson's notations.

²¹ Watson Ex. 3, Not admitted.

²² Watson Ex. 4.

²³ Watson Ex. 5.

²⁴ Watson Ex. 6 and Tr. at 24:21 to 26:24. Not file stamped as filed with the Commission, admitted to show what Watson is stating was filed but not for the truth of the matter as to what was actually filed with the Commission.

²⁵ Watson Ex. 7 and taking official notice of production filed for lease number 00096.

²⁶ Watson Ex. 8, for well noncompliance issues not contained on Staff's most recent update.

9. Commission Forms H-5 *Disposal/Injection Well Pressure Test Report* for three wells on the Thompson, Dennis lease;²⁷
10. Commission Form H-15 *Test on Inactive Well More Than 25 Years Old* for the Lucy Roche (00122) Lease, Well No. 3;²⁸ and
11. Listing created by Watson of the wells that were transferred from Jenex Petroleum Corporation to Watson, including the wells listed with the Commission's October 3, 2018 letter, and the status of those wells.²⁹

Watson had two witnesses, its consultant/agent Don Rhodes who presented and offered testimony regarding Watson's exhibits and requested exception and John Pelger, petroleum engineer.

Through Mr. Rhodes, Watson requested an exception to the 10% blanket extension option, which allows an operator to either plug or return to active operations 10% of its inactive wells listed on its proration schedule as of the date of its previous P-5 renewal.³⁰ Watson is a July renewal. None of the seventeen (17) wells Watson is desiring to be considered for the 10% extension option were on Watson's proration schedule as of its 2017 P-5 renewal.³¹ Watson stated it had returned these wells, for which Watson became the record operator of on October 1, 2017, to active operations and requested that it be allowed to count six (6) of the seventeen (17) wells toward its 2018 renewal, thus qualifying for the 10% blanket extension option.³² As evidence of the wells being returned to active operations, Watson provided Commission Forms W-10 and production reports for some, but not all of the wells/leases in question.³³ Watson requested the remainder of the seventeen (17) wells be used for its 2019 renewal.³⁴

Mr. Pelger testified as to Watson's desire to bring wells back online and the cost Watson is expending to do so and Watson's need for additional time.³⁵ Mr. Pelger also provided testimony regarding his knowledge of the condition of the previous Jenex wells when Watson took them over.³⁶

²⁷ Watson Ex. 9.

²⁸ Watson Ex. 10.

²⁹ Watson Ex. 11 admitted with caveat that Staff will file late filed exhibit regarding the wells listed and Commission status for those wells.

³⁰ 16 Tex. Admin. Code § 3.15(f)(B)(i); see also Tex. Nat. Res. Code § 89.023.

³¹ Watson Ex. 5.

³² Tr. at 11:3 to 11:19.

³³ Watson Ex. 6 and 7.

³⁴ Tr. at 11:14 to 11:19.

³⁵ Tr. at 40:14 to 41:7.

³⁶ Tr. at 41:11 to 42:4.

Staff

Without objection, Staff submitted its evidence packet containing the following documented pertinent facts regarding the case:³⁷

1. A general timeline of events and statements of information regarding the status and dates of correspondence relating to Watson's inactive wells;
2. Letter dated June 8, 2018, with attachments from Staff to Watson providing initial notice to Watson of the determination to not renew Watson's P-5 and providing 90 days to achieve compliance;
3. Letter dated October 3, 2018 with attachments from Staff to Watson providing second notice to Watson of the determination to not renew Watson's P-5 and providing 30 days to request a hearing;
4. Identifying information about the noncompliant wells, including what is required to gain compliance;
5. Letter dated October 24, 2018, from Don Rhodes for Watson requesting a hearing in the matter; and
6. The Notice of Hearing dated November 20, 2018, for a hearing date of December 18, 2018.

Staff had one witness, Mysti Doshier, manager of the P-5 Financial Assurance Unit. Ms. Doshier testified as to the P-5 *Organization Report* renewal requirement under Statewide Rule 15 and Watson's noncompliant well status.³⁸

On January 9, 2019, Staff filed a late filed exhibit addressing Watson's requested exception to the 10% blanket extension option and Watson's Exhibit No. 11.³⁹ Watson did not file a response.

On July 15, 2019, Staff filed an update, stating that Watson remained noncompliant on one (1) well. The Burns, Jane -A- (01-00089) Lease, Well No. 9 remains noncompliant for Watson's 2018 renewal period due to a mechanical integrity issue.⁴⁰ Watson did not file a response.

Petty

Mr. Phil McCool appeared on behalf of the Petty Family Interests. Mr. McCool stated that Petty is the landowner where the Jane Burns -A- and Jane Burns -C- leases

³⁷ Tr. at 53:5 to 53:14.

³⁸ 16 Tex. Admin. Code § 3.15; Tr. at 43:6 to 46:17.

³⁹ Staff Late Filed Exhibit.

⁴⁰ Staff Ex. And Staff Late Filed Exhibit.

are located.⁴¹ Mr. McCool discussed the Petty's interest and desire to witness any H-5 and H-15 integrity tests.⁴² Mr. McCool pointed out that Watson's Exhibit No. 11 showed an H-5 had been run for the Burns, Jane -A- (01-00089) Lease, Well No. 9, but according to Mr. McCool's research, this was not correct.⁴³ Petty's primary concern is that the wells are tested as required and that Watson is legally producing the wells and accurately reporting production.⁴⁴ Mr. McCool provided the following exhibits to support Petty's concerns.

1. May 8, 2018, letter from the Railroad Commission's Oil and Gas Division, Field Operations regarding a compliance plan for the Jenex wells and instructions without plugging extensions would be handled;⁴⁵
2. August 7, 2018, letter from the Petty Family Interests to District Director Travis Baer of the San Antonio District Office requesting enforcement action against Watson to plug the wells and remove the surface equipment;⁴⁶
3. August 22, 2018, letters from the San Antonio District Office to Watson regarding noncompliance with Statewide Rule 14 for the Burns, Jane -C- (01-00091) Lease, and Notice of Intent to Cancel P-4 Certificate of Compliance and to Sever Pipeline or Other Carrier Connection;⁴⁷
4. December 18, 2018, Commission printouts of the lease information for the Burns, Jane -A- (01-00089) Lease from various Commission resources;⁴⁸ and
5. December 12, 2018, Commission mainframe printouts of the Oil Proration Schedule, P-4 Certificate of Compliance Certified Letter/Cancellation/Reissue Inquiry, Oil Lease Ledger Inquiry, and Inquire T-1 Receipts by Oil Lease for the Burns, Jane -C- (01-00091) Lease.⁴⁹

V. Examiners' Analysis

The Examiners recommend that Watson's request for renewal of its organization report be denied and that Watson be ordered to comply with the inactive well rules. The parties do not dispute the facts in this case or that Watson is not in compliance with the inactive well rules. Watson's requested exception to the 10% blanket extension option provided for in Statewide Rule 15 will not be addressed, as the issue is now moot. Watson has one well which remains noncompliant, the Burns, Jane -A- (01-00089) Lease, Well

⁴¹ Tr. at 54:22 to 55:22.

⁴² Tr. at 55:23.

⁴³ Tr. at 59:11 to 60:6.

⁴⁴ Tr. at 61:23 and 63:5 to 65:19.

⁴⁵ Petty Ex. 1.

⁴⁶ Petty Ex. 2.

⁴⁷ Petty Ex. 3.

⁴⁸ Petty Ex. 4.

⁴⁹ Petty Ex. 5.

No. 9 ("Well"). The Well is otherwise noncompliant due to an H-5 issue, a violation of Commission rules, thus is not eligible for a plugging extension.

Section 89.022 of the Texas Natural Resources Code requires an operator of an inactive well to comply with the inactive well requirements before the time of renewal of the operator's P-5.⁵⁰ If the operator fails to achieve compliance before the renewal date, the Commission is required to refuse to renew the operator's P-5.⁵¹

The definition of an inactive well is:

An unplugged well that has been spudded or has been equipped with cemented casing and that has had no reported production, disposal, injection, or other permitted activity for a period of greater than 12 months.⁵²

Statewide Rule 15 requires inactive wells to either: (1) be plugged; (2) be put back into production; or (3) be subject to plugging extensions.⁵³ The parties stipulate the Well is not in compliance with inactive well requirements, i.e. it is not plugged or subject to a plugging extension.⁵⁴ The Well is not otherwise eligible for a plugging extension due to the fact the Well is in violation of a Commission rule.

Pursuant to section 89.022 of the Texas Natural Resources Code, the Commission cannot renew Watson's organization report because Watson is noncompliant with Commission inactive well rules. For these reasons, the Examiners conclude that Watson's request for renewal of its 2018 P-5 should be denied, and Watson should be ordered to place the Well in compliance with Statewide Rule 15.

VI. Recommendation, Proposed Findings of Fact and Proposed Conclusions of Law

Based on the record in this case and evidence presented, the Examiners recommend that Watson's request for renewal be denied, that Watson be ordered to comply with Statewide Rule 15, and that the Commission adopt the following findings of fact and conclusions of law.

Findings of Fact

1. Watson Energy Investments, LLC ("Watson"), Commission Operator No. 900277, is the current operator of the Burns, Jane -A- (01-00089) Lease, Well No. 9 ("Well").

⁵⁰ See Tex. Nat. Res. Code § 89.022(a).

⁵¹ See Tex. Nat. Res. Code § 89.022(c) and (d).

⁵² 16 Tex. Admin. Code § 3.15(a)(6).

⁵³ 16 Tex. Admin. Code § 3.15(d).

⁵⁴ Tr. at 9:9 to 9:11.

2. In a letter to Watson dated June 8, 2018, Staff notified Watson that Staff had determined renewal of Watson's Commission Form P-5 *Organization Report* ("P-5") should be denied because Watson was not compliant with the inactive well requirements; Staff provided the reasons for the determination. This letter also provided Watson 90 days to comply with the inactive well requirements.
3. In a letter dated October 3, 2018, Staff again notified Watson that Staff had determined renewal of Watson's P-5 should be denied because Watson was noncompliant with the inactive well requirements; Staff again provided the reasons for the determination. The October 3, 2018 letter provides Watson 30 days to request a hearing regarding this determination.
4. In a letter filed and dated October 24, 2018, Watson requested a hearing.
5. On November 20, 2018, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") on the Application setting a hearing date of December 18, 2018. Consequently, the parties received more than 10 days' notice. The Notice contains: (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held on December 18, 2018 as noticed. Watson and Staff appeared and participated at the hearing. Petty Family Interests appeared and participated in protest of the application.
6. At the December 18, 2018 hearing, Watson and Staff stipulated, forty-five (45) wells were noncompliant with the inactive well requirements of Statewide Rule 15.
7. On July 15, 2019, Staff filed an update on the compliance status of Watson's 2018 P-5 renewal. On that date, only one well remained noncompliant. The Well was one of the 45 noncompliant wells at the time of the hearing and had no reported production, disposal, injection, or other permitted activity for a period of greater than 12 months. Thus, the Well meets the definition of an inactive well.
8. The Well is not plugged, has not been placed back into active operations and does not have a plugging extension.
9. The Well ineligible for a plugging extension as it is noncompliant with Commission rules due to an H-5 mechanical integrity issue.
10. The Well is not in compliance with the requirements of Statewide Rule 15.

Conclusions of Law

1. Proper notice of hearing was timely issued to persons entitled to notice. See, e.g., Tex. Gov't Code §§ 2001.051, 052; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. See, e.g., Tex. Nat. Res. Code §§ 81.051, 89.021-89.030.
3. The Well is not in compliance with the requirements of Statewide Rule 15. 16 Tex. Admin. Code § 3.15.
4. Watson has been provided notice and an opportunity for hearing regarding compliance with Tex. Nat. Res. Code §§ 89.021-89.030 and 16 Tex. Admin. Code § 3.15.
5. Watson failed to comply with the requirements of Tex. Nat. Res. Code §§ 89.021-89.030 and 16 Tex. Admin. Code § 3.15.
6. Watson's Commission Form P-5 *Organization Report* may not be renewed or approved. Tex. Nat. Res. Code § 89.022(c).

Recommendation

The Examiners recommend the Commission enter an order denying the renewal of Watson's Form P-5 *Organization Report*. The Examiners also recommend that Watson be ordered to place the Burns, Jane -A- (01-00089), Lease, Well No. 9 into compliance with Statewide Rule 15.

Respectfully Submitted,


Kristi M. Reeve
Administrative Law Judge


Petar Buva
Technical Examiner