

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0326536

IN RE: P-5 ORGANIZATION REPORT OF SCOUT ENERGY MANAGEMENT LLC

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. Scout Energy Management LLC [Operator #760218] (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 November 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 Scout Energy Management LLC's P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that Scout Energy Management 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 Scout Energy Management 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 May 20, 2020.)

API Number	District	ID Number	Lease Name	Well Number
065 01537	10	023151	BURNETT	65
Electricity must be disconnected (certify on Form W-3C)				
065 31482	10	04894	ARNOLD	4
Electricity must be disconnected (certify on Form W-3C)				
065 31958	10	149223	DEAHL, G. W.	4RH
Electricity must be disconnected (certify on Form W-3C)				
065 31978	10	155926	BURNETT	9RH
Electricity must be disconnected (certify on Form W-3C)				
065 32119	10	265224	BURNETT N UNIT	2055H
Electricity must be disconnected (certify on Form W-3C)				
065 32123	10	265434	BURNETT	2032H
Electricity must be disconnected (certify on Form W-3C)				
065 32133	10	269983	BURNETT	2050H
Electricity must be disconnected (certify on Form W-3C)				
065 32136	10	272826	BURNETT	2064H
Electricity must be disconnected (certify on Form W-3C)				
065 80041	10	023095	BURNETT E UNIT	9
Electricity must be disconnected (certify on Form W-3C)				
083 30825	7B	085384	PAYNE, S. N.	6
Production fluids must be purged (certify on Form W-3C)				
135 33506	08	20973	GOLDSMITH, EAST HOLT UNIT	2902
Surface equipment must be removed (certify on Form W-3C)				
151 32451	7B	07959	CLAYTONVILLE /CANYON LIME/ UNIT	1602
Surface equipment must be removed (certify on Form W-3C)				
195 80211	10	027589	HANSFORD	1
Electricity must be disconnected (certify on Form W-3C)				
205 00254	10	024712	ALTHOUSE	1
Electricity must be disconnected (certify on Form W-3C)				
205 80044	10	024746	BIVINS, F. F.	1
Electricity must be disconnected (certify on Form W-3C)				
205 80048	10	024812	DENA	1
Electricity must be disconnected (certify on Form W-3C)				
205 80061	10	024936	JOE	1
Production fluids must be purged (certify on Form W-3C)				
227 01914	08	06192	ODANIEL, O. D.	3
Surface equipment must be removed (certify on Form W-3C)				
227 34038	08	02866	T. L. & M. -B-	9
Electricity must be disconnected (certify on Form W-3C)				

Docket No. 20-0326536

Exhibit A

API Number	District	ID Number	Lease Name	Well Number
227 36826	08	39504	ANDERSON 15	15H
Electricity must be disconnected (certify on Form W-3C)				
233 06099	10	027121	HERRING	124R
Electricity must be disconnected (certify on Form W-3C)				
233 33014	10	211369	SMITH, ETHEL	50
Electricity must be disconnected (certify on Form W-3C)				
235 00036	7C	02410	NOELKE, W. M. EST.	14
Electricity must be disconnected (certify on Form W-3C)				
263 00635	8A	61815	WALLACE, BILBY-NORTH "J"	7
Production fluids must be purged (certify on Form W-3C)				
Must resolve Field Operations H-15 failure preventing 14(B)(2) approval				
341 00136	10	025187	VENT	A 2
Electricity must be disconnected (certify on Form W-3C)				
341 00158	10	025188	VENT	A 3
Electricity must be disconnected (certify on Form W-3C)				
341 00268	10	024996	LANGMACK	1
Electricity must be disconnected (certify on Form W-3C)				
341 00389	10	024510	KILGORE	1016
Electricity must be disconnected (certify on Form W-3C)				
341 00413	10	025194	VENT	E 2
Electricity must be disconnected (certify on Form W-3C)				
341 00496	10	025155	STURDY	1H
Electricity must be disconnected (certify on Form W-3C)				
341 00639	10	025406	SHELTON	A 6
Electricity must be disconnected (certify on Form W-3C)				
341 00671	10	025402	SHELTON	2 X
Electricity must be disconnected (certify on Form W-3C)				
341 00866	10	024506	HANNEMAN	1100
Electricity must be disconnected (certify on Form W-3C)				
341 01019	10	044198	LONGANECKER, E. R.	2
Electricity must be disconnected (certify on Form W-3C)				
341 01061	10	025084	PURDY	1
Electricity must be disconnected (certify on Form W-3C)				
341 01090	10	024710	ALBERT	1
Electricity must be disconnected (certify on Form W-3C)				
341 01094	10	023993	JONES, C. R.	2
Electricity must be disconnected (certify on Form W-3C)				

Docket No. 20-0326536

Exhibit A

API Number	District	ID Number	Lease Name	Well Number
341 01095	10	023994	JONES, C. R.	3
Electricity must be disconnected (certify on Form W-3C)				
341 01299	10	025215	WIN	1
Electricity must be disconnected (certify on Form W-3C)				
341 01322	10	025104	ROREX	1
Electricity must be disconnected (certify on Form W-3C)				
341 01342	10	024900	HENKEL	1
Electricity must be disconnected (certify on Form W-3C)				
341 01376	10	024843	ETHELYN	1
Electricity must be disconnected (certify on Form W-3C)				
341 01381	10	024653	BREYFOGLE	1
Electricity must be disconnected (certify on Form W-3C)				
341 01383	10	025183	VANTA	1
Electricity must be disconnected (certify on Form W-3C)				
341 01416	10	024791	CLARENCE	1H
Electricity must be disconnected (certify on Form W-3C)				
341 01552	10	025186	VENT	A 1
Electricity must be disconnected (certify on Form W-3C)				
341 01747	10	025147	STEM	1
Electricity must be disconnected (certify on Form W-3C)				
341 30005	10	046567	SHELTON	5 X
Electricity must be disconnected (certify on Form W-3C)				
341 30487	10	073517	REEDER, W. H.	3
Electricity must be disconnected (certify on Form W-3C)				
341 31081	10	109118	BRANDON -A-	1 A
Electricity must be disconnected (certify on Form W-3C)				
341 31202	10	111017	TANNER	2
Electricity must be disconnected (certify on Form W-3C)				
341 32010	10	125678	CARDIFF	2
Electricity must be disconnected (certify on Form W-3C)				
341 32124	10	133508	LEMLAINE	5
Electricity must be disconnected (certify on Form W-3C)				
341 32410	10	156586	MILLS, J.C.	1R
Electricity must be disconnected (certify on Form W-3C)				
341 32522	10	169401	SHELTON	8XH
Electricity must be disconnected (certify on Form W-3C)				
341 32577	10	171500	SPUR	1R
Electricity must be disconnected (certify on Form W-3C)				

Docket No. 20-0326536

Exhibit A

API Number	District	ID Number	Lease Name	Well Number
341 32787	10	185790	LOR	1R
Electricity must be disconnected (certify on Form W-3C)				
341 32835	10	192572	HILL, A. T.	7R
Electricity must be disconnected (certify on Form W-3C)				
341 32915	10	209410	VENT	E 1 R
Electricity must be disconnected (certify on Form W-3C)				
341 32933	10	211360	GOBER	1R
Electricity must be disconnected (certify on Form W-3C)				
341 80541	10	024792	CLAUDINE	1
Electricity must be disconnected (certify on Form W-3C)				
341 80545	10	024797	COFFEE	1
Electricity must be disconnected (certify on Form W-3C)				
341 80568	10	024846	EZELLE	1
Electricity must be disconnected (certify on Form W-3C)				
341 80583	10	024877	GOB	1
Electricity must be disconnected (certify on Form W-3C)				
341 80587	10	024886	HAGGAMAN	1
Electricity must be disconnected (certify on Form W-3C)				
341 80614	10	024939	JOHN -H-	1
Electricity must be disconnected (certify on Form W-3C)				
341 80617	10	024973	JONES, C. R.	1699
Electricity must be disconnected (certify on Form W-3C)				
341 80650	10	025026	MATLOR	1
Electricity must be disconnected (certify on Form W-3C)				
341 80653	10	025032	MCFARLIN	1
Electricity must be disconnected (certify on Form W-3C)				
341 80656	10	025041	MELVIN	1
Electricity must be disconnected (certify on Form W-3C)				
341 80684	10	025082	PRESTON	1
Electricity must be disconnected (certify on Form W-3C)				
341 80685	10	025083	PRISCILLA	1
Electricity must be disconnected (certify on Form W-3C)				
341 80695	10	025102	RICHARD	A 1
Electricity must be disconnected (certify on Form W-3C)				
341 80697	10	025106	ROY	1
Electricity must be disconnected (certify on Form W-3C)				
341 80720	10	025143	STAN	1
Electricity must be disconnected (certify on Form W-3C)				

Docket No. 20-0326536

Exhibit A

API Number	District	ID Number	Lease Name	Well Number
341 80728	10	025153	STOCKMAN Electricity must be disconnected (certify on Form W-3C)	1
341 80755	10	025195	VICTOR Production fluids must be purged (certify on Form W-3C)	1
341 80758	10	025199	VIOLA Production fluids must be purged (certify on Form W-3C)	1
341 80760	10	025201	WARD Electricity must be disconnected (certify on Form W-3C)	1
341 80762	10	025205	WEILDING -A- Electricity must be disconnected (certify on Form W-3C)	A 1
341 80773	10	025230	ZELLA Electricity must be disconnected (certify on Form W-3C)	A 1
341 81071	10	027175	SHELTON -A- Electricity must be disconnected (certify on Form W-3C)	13R
353 30962	7B	30975	GESIN, RICHARD Electricity must be disconnected (certify on Form W-3C)	3
353 33136	7B	30455	SIMS Electricity must be disconnected (certify on Form W-3C)	2
353 33185	7B	30720	FRY Electricity must be disconnected (certify on Form W-3C)	1
353 33364	7B	31117	HEATHER Electricity must be disconnected (certify on Form W-3C)	1
353 33427	7B	31720	ROJEAN Electricity must be disconnected (certify on Form W-3C)	5
353 33497	7B	32002	TEMA LITTLE Electricity must be disconnected (certify on Form W-3C)	3
353 33596	7B	32046	JESSIE LITTLE 'A' Electricity must be disconnected (certify on Form W-3C)	2
353 33596	7B	32184	JESSIE LITTLE 'A' Electricity must be disconnected (certify on Form W-3C)	2
359 00051	10	035935	BIVINS D Electricity must be disconnected (certify on Form W-3C)	24
359 30284	10	147509	BIVINS -D- Electricity must be disconnected (certify on Form W-3C)	19
359 30293	10	203246	BIVINS D Electricity must be disconnected (certify on Form W-3C)	20H
375 00367	10	024520	MCBRIDE Electricity must be disconnected (certify on Form W-3C)	1104

Docket No. 20-0326536

Exhibit A

API Number	District	ID Number	Lease Name	Well Number
375 00411	10	024552	STATE Electricity must be disconnected (certify on Form W-3C)	3007C
375 20052	10	040290	BIVINS -D- Electricity must be disconnected (certify on Form W-3C)	1 R
375 31402	10	146919	STATE-WRIGHT Electricity must be disconnected (certify on Form W-3C)	205-A
375 31415	10	147566	BIVINS -D- Electricity must be disconnected (certify on Form W-3C)	17
375 31416	10	147513	BIVINS -D- Electricity must be disconnected (certify on Form W-3C)	16
375 31674	10	203498	BIVINS D Electricity must be disconnected (certify on Form W-3C)	16R
375 31675	10	202617	BIVINS D Electricity must be disconnected (certify on Form W-3C)	1H
375 31704	10	209224	BIVINS D Electricity must be disconnected (certify on Form W-3C)	22H
375 31705	10	214770	BIVINS D Electricity must be disconnected (certify on Form W-3C)	23 H
375 31716	10	216596	BIVINS D Electricity must be disconnected (certify on Form W-3C)	26H
375 31877	10	284749	MASTERSON Electricity must be disconnected (certify on Form W-3C)	B144
375 31878	10	284743	BIVINS Electricity must be disconnected (certify on Form W-3C)	A254
375 80271	10	035004	BIVINS D Electricity must be disconnected (certify on Form W-3C)	7
375 80279	10	035621	BIVINS -D- Electricity must be disconnected (certify on Form W-3C)	9
421 30341	10	05941	COLDWATER RANCH UNIT Surface equipment must be removed (certify on Form W-3C)	B 7
431 31539	08	29723	SELLERS -66- Production fluids must be purged (certify on Form W-3C)	4
433 30257	7B	31551	ANDERSON-CLEARFORK Production fluids must be purged (certify on Form W-3C)	1WD
433 32881	7B	27083	PINK CADILLAC Production fluids must be purged (certify on Form W-3C)	2
433 33097	7B	28168	PINK GREMLIN Production fluids must be purged (certify on Form W-3C)	1

Docket No. 20-0326536

Exhibit A

API Number	District	ID Number	Lease Name	Well Number
497 01226	09	028747	MOORE, KATIE	1
Electricity must be disconnected (certify on Form W-3C)				
497 33330	09	129505	HORTON-DALY	3
Electricity must be disconnected (certify on Form W-3C)				

Docket No. 20-0326536
Exhibit A