

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0326533

IN RE: P-5 ORGANIZATION REPORT OF PROGENIES OPERATING 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. Progenies Operating LLC [Operator #681161] (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 Progenies Operating LLC's P-5 Organization Report is hereby **DENIED**.

It is further ORDERED that all P-4 Certificates of Compliance issued to Progenies 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 Progenies 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 Progenies 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 May 20, 2020.)

API Number	District	ID Number	Lease Name	Well Number
051 33118	03	20974	ELSIK-WIECHERT UNIT	1
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
057 31698	02	217956	STATE TRACT 254	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
149 30414	03	12709	BALD EAGLE "A"	1
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
149 31931	03	196462	NEUHAUS	1
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
149 32521	03	170208	SENGELMANN-TEINERT UNIT	1
No approved W-3X on file				
149 32560	03	167303	LEHMANN-SCHKADE UNIT	1
No approved W-3X on file				
149 32574	03	21553	M & B OIL UNIT	1
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
149 32612	03	169000	TEINERT-KUNZE UNIT	1
No approved W-3X on file				
149 32742	03	22007	WESTERLAGE OIL UNIT	1
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
149 33069	03	169624	BARRACUDA UNIT	1
No approved W-3X on file				
149 33165	03	224020	BARRACUDA UNIT	2
No approved W-3X on file				
149 33246	03	25900	WW CHERRY UNIT	1H
No approved W-3X on file				
149 33256	03	25985	CHERRY HEIRS	1H
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
149 33264	03	26277	HOPPER UNIT	1H
No approved W-3X on file				
149 33282	03	26345	LILLIE MAE UNIT	1H
No approved W-3X on file				
149 33294	03	26473	HOLLY UNIT	1H
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
149 33297	03	26464	CHERRY HEIRS EF UNIT Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	2H
163 33109	01	14535	GONZALES ET AL UNIT No approved W-3X on file	1H
167 01028	03	172236	BAYOU DEVELOPMENT B No approved W-3X on file	3GU
167 01035	03	173201	BAYOU DEVELOPMENT B No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	5
167 01163	03	04721	STEWART, MACO No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	7A
167 01164	03	04721	STEWART, MACO No approved W-3X on file	8
167 01556	03	166648	STEWART, MACO A No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	2
167 01564	03	203349	STEWART, MACO A No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	32S
167 01563	03	166095	STEWART, MACO A No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	36
167 01569	03	210108	MACO-STEWART No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	A 37 S
167 01599	03	01601	STEWART, MACO -A- A/C #2 No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	9
167 02095	03	151793	BAYOU DEVELOPMENT B No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	15
167 30344	03	04721	STEWART, MACO No approved W-3X on file	9
167 30662	03	171774	BAYOU DEVELOPMENT B No approved W-3X on file	16
167 30946	03	161674	STEWART, MACO A No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	43

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
167 31127	03	04721	STEWART, MACO	10
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
167 31386	03	198557	BAYOU DEVELOPMENT B	18
No approved W-3X on file				
167 31428	03	242062	BAYOU DEVELOPMENT	20
No approved W-3X on file				
167 31433	03	247646	BAYOU DEVELOPMENT B	22
Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file				
175 00466	02	001736	ARNOLD, DENNIS ET AL	2
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
239 01968	02	280430	NAVIDAD RIVER ET AL	1
No approved W-3X on file Must resolve Field Operations issue preventing 14(B)(2) approval Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
239 01969	02	09993	NAVIDAD RIVER ET AL	3D
Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file Must resolve UIC H-5 Test issue preventing 14(B)(2) approval				
239 03381	02	09355	SCHOMBURG	2
No approved W-3X on file Must resolve Field Operations issue preventing 14(B)(2) approval Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
239 31481	02	278940	SCHOMBURG-NAVIDAD RIVER UNIT	4
Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations issue preventing 14(B)(2) approval Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
239 31984	02	252924	NAVIDAD RIVER ET AL	5
No approved W-3X on file				
239 33300	02	216627	APPLING	1
No approved W-3X on file				
239 33437	02	234220	NAVIDAD RIVER UNIT	2R
No approved W-3X on file				
239 33439	02	09182	SCHOMBURG-NAVIDAD RIVER UNIT	1
No approved W-3X on file Must resolve Field Operations issue preventing 14(B)(2) approval				
239 33512	02	09355	SCHOMBURG	3D
No approved W-3X on file Must resolve Field Operations issue preventing 14(B)(2) approval				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
287 30654	03	12923	PORTER, J. B. JR ET AL UNIT	1
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
287 30784	03	14738	MITCHELL, B.P.	1RE
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
287 30792	03	278539	MITCHELL, B.P. ETAL	2
Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
287 30937	03	14684	KURIO UNIT	1
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
287 30997	03	14684	KURIO UNIT	2
No approved W-3X on file				
287 31103	03	14684	KURIO UNIT	3
No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
287 32497	03	168998	RED SNAPPER	1
No approved W-3X on file				
287 32500	03	169141	TUNA UNIT	1
No approved W-3X on file				
287 32503	03	179783	PILOT FISH UNIT	1
No approved W-3X on file				
351 30634	03	23816	CHAMPION INTERNATIONAL CORP.	2
No approved W-3X on file				
493 32553	01	15798	JENDRZEY UNIT	1H
No approved W-3X on file				

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Exhibit A