



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY PLEASE
REFER TO OUR FILE

February 25, 2020

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission, Bureau of Investigation
and Enforcement v. West Texas Operating Company LLC d/b/a
Xtreme Energy Company
Docket No. C-2020-_____

I&E Formal Complaint

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Formal Complaint of the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission in the above-referenced matter.

Copies are being served on the parties of record in accordance with the attached Certificate of Service.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "S.M. Wimer".

Stephanie M. Wimer
Senior Prosecutor
PA Attorney ID No. 207522

Enclosure

cc: Michael L. Swindler, I&E Deputy Chief Prosecutor
As per Certificate of Service

Pennsylvania Public Utility	:	
Commission, Bureau of Investigation	:	
and Enforcement,	:	
Complainant	:	
	:	
v.	:	Docket No. C-2020-
	:	
West Texas Operating Company LLC	:	
d/b/a Xtreme Energy Company	:	
Respondent	:	

NOTICE

A. You must file an Answer within 20 days of the date of service of this Complaint. The date of service is the mailing date as indicated at the top of the Secretarial Letter. *See* 52 Pa. Code § 1.56(a). The Answer must raise all factual and legal arguments that you wish to claim in your defense, include the docket number of this Complaint, and be verified. You may file your Answer by mailing an original to:

Rosemary Chiavetta, Secretary
 Pennsylvania Public Utility Commission
 P.O. Box 3265
 Harrisburg, PA 17105-3265

Or, you may eFile your Answer using the Commission’s website at www.puc.pa.gov. The link to eFiling is located under the Filing & Resources tab on the homepage. If your Answer is 250 pages or less, you are not required to file a paper copy. If your Answer exceeds 250 pages, you must file a paper copy with the Secretary’s Bureau.

Additionally, a copy should either be mailed to:

Stephanie M. Wimer, Prosecutor
 Pennsylvania Public Utility Commission
 Bureau of Investigation and Enforcement
 P.O. Box 3265
 Harrisburg, PA 17105-3265

Or, emailed to Ms. Wimer at: stwimer@pa.gov

B. If you fail to answer this Complaint within 20 days, the Bureau of Investigation and Enforcement will request that the Commission issue an Order imposing the civil penalty and the amounts due.

C. You may elect not to contest this Complaint by paying the civil penalty and amounts due within 20 days. Your certified check, cashier's check or money order should be payable to the "Commonwealth of Pennsylvania" and mailed to:

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

D. If you file an Answer which either admits or fails to deny the allegations of the Complaint, the Bureau of Investigation and Enforcement will request the Commission to issue an Order imposing the civil penalty and amounts due as set forth in this Complaint.

E. If you file an Answer which contests the Complaint, the matter will proceed before the assigned presiding Administrative Law Judge for hearing and decision. The Judge is not bound by the penalty set forth in the Complaint, and may impose additional and/or alternative penalties as appropriate.

F. If you are a corporation, you must be represented by legal counsel. 52 Pa. Code § 1.21.

G. Alternative formats of this material are available for persons with disabilities by contacting the Commission's ADA Coordinator at 717-787-8714.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement,	:	
Complainant	:	
	:	
v.	:	Docket No. C-2020-
	:	
West Texas Operating Company LLC	:	
d/b/a Xtreme Energy Company,	:	
Respondent	:	

**FORMAL COMPLAINT
and
NOTICE OF AMOUNT DUE**

NOW COMES the Pennsylvania Public Utility Commission’s (“Commission”), Bureau of Investigation and Enforcement (“I&E”), by its prosecuting attorneys, pursuant to Section 2307(b) of Act 13 of 2012, the Unconventional Gas Well Impact Fee Act (“Act 13” or “Act”), 58 Pa.C.S. §§ 2301-2318, and files this Formal Complaint and Notice of Amount Due (“Complaint”) against West Texas Operating Company LLC d/b/a Xtreme Energy Company (“Xtreme Energy” or “Respondent”) alleging violations of Act 13. In support of its Complaint, I&E respectfully represents the following:

I. PARTIES AND JURISDICTION:

1. The Pennsylvania Public Utility Commission (“Commission”), with a mailing address of P.O. Box 3265, Harrisburg, PA 17105-3265, is a duly constituted

agency of the Commonwealth of Pennsylvania empowered to make all inquiries and determinations necessary to calculate and collect the fee, administrative charges and assessments imposed under Act 13, including, if applicable, interest and penalties.

2. Complainant's prosecuting attorneys are as follows:

Stephanie M. Wimer
Senior Prosecutor
stwimer@pa.gov
717.772.8839

Michael L. Swindler
Deputy Chief Prosecutor
mswindler@pa.gov

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

3. Respondent is an unconventional gas well producer, as defined in Section 2301 of Act 13, 58 Pa.C.S. § 2301, with a principal place of business at 118 North Main Street, Suite F, Victoria, TX 77901, Attn. Michael Hahn.

4. Pursuant to the provisions of the applicable Commonwealth statutes and regulations, the Commission has jurisdiction over the subject matter of this Complaint and the actions of Respondent related thereto.

II. BACKGROUND:

5. Chapter 23 of Act 13 authorizes the Commission to collect, administer and distribute fees collected from unconventional gas well producers.¹

6. Impact fees imposed under Act 13 were due by September 1, 2012, for wells spud² before January 1, 2012, and April 1 for each subsequent year. 58 Pa.C.S. § 2303(a).

7. Act 13 also authorizes the Commission to impose an annual administrative charge, not to exceed \$50 per spud unconventional gas well, to cover the actual costs incurred to enforce the requirements of Act 13. 58 Pa.C.S. § 2303(c)(1).³

8. Administrative charges must be paid with impact fees on April 1 of each year. 58 Pa.C.S. § 2303(c)(1).

9. The Act provides that, for producers with delinquent fees, the Commission shall assess interest. 58 Pa.C.S. § 2308(a). For the calendar years 2017 and 2018, the interest rate was set at 4.0% pursuant to 61 Pa. Code § 4.2.

10. In addition to the assessed interest, the Commission shall add a penalty of 5% of the amount of the fee if the failure to timely pay is for less than one month, with an

¹ An “unconventional gas well” is a “bore hole drilled or being drilled for the purpose of or to be used for the production of natural gas from an unconventional formation.” 58 Pa.C.S. § 2301. An “unconventional formation” is a “geological shale formation... where natural gas generally cannot be produced at economic flow rates or in economic volumes except by vertical or horizontal well bores stimulated by hydraulic fracture treatments or by using multilateral well bores or other techniques to expose more of the formation to the well bore.” *Id.*

² “Spud” is defined as “[t]he actual start of drilling of an unconventional gas well.” 58 Pa.C.S. § 2301.

³ See also *Act 13 of 2012 - Implementation of Unconventional Gas Well Impact Fee Act, Proposed Rulemaking*, Docket No. L-2013-2375551 (Order entered May 10, 2012) (*Proposed Rulemaking Order*).

additional 5% penalty for each additional month or fraction of a month, not to exceed 25% in the aggregate. 58 Pa.C.S. § 2308(b).

11. The Commission may also assess civil penalties of up to \$2,500 for each unpaid impact fee for each day that a producer fails to make and continues to fail to make timely payment. 58 Pa.C.S. § 2310. In determining the amount of the penalty, the Commission shall consider the willfulness of the violation and other relevant factors. *Id.*

12. As a producer, Respondent is required to file an Annual Report with the Commission listing the number of its spud unconventional gas wells subject to impact fees and administrative charges for the previous calendar year. 58 Pa.C.S. § 2303(b). The Annual Reports for 2017 and 2018 were due by April 2, 2018 and April 1, 2019, respectively.

2017 Calendar Year

13. Respondent failed to file a 2017 Annual Report by April 2, 2018.

14. Because Respondent failed to file a timely 2017 Annual Report, the Fiscal Office of the Commission’s Bureau of Administration prepared a Fund Well Summary for 2017, attached hereto as Attachment A, based on information from the Pennsylvania Department of Environmental Protection (“DEP”).

15. According to the Fund Well Summary for the 2017 calendar year, Respondent operated the following two unconventional wells as designated by DEP permit numbers:

1. 111-20272 (Menhorn 2H)
2. 111-20277 (Hillegass 2H)

16. For 2017, impact fees were \$20,300 per well.

17. For 2017, the administrative charge due under Act 13 was \$50 per well. 58 Pa.C.S. § 2303(c)(1); *See also, Proposed Rulemaking Order.*

18. Based on the Fund Well Summary, the Bureau of Administration prepared impact fee and administrative fee statements assessing impact fees of \$20,300 per well and administrative charges of \$50 per well, for a total of \$40,700. The statements are attached hereto as Attachment B.

19. On April 9, 2018, a representative of the Bureau of Administration, Amy Zuvich, e-mailed Mr. Hahn of Xtreme Energy a copy of the impact fee and administrative fee statements related to the 2017 calendar year. On that same day, Ms. Zuvich also mailed a copy of the statements *via* certified mail to Xtreme Energy at P.O. Box 2326 Victoria, TX 77902-2326.

20. On April 9, 2018, Respondent disputed *via* e-mail the impact fee and administrative charge for well number 111-20272 (Menhorn 2H) based on the definition of “stripper well,”⁴ which, at that time, was pending a decision from the Supreme Court of Pennsylvania concerning the statutory interpretation of the meaning of “stripper well.” *Snyder Brothers, Inc. v. Pa. Pub. Util. Comm’n*, 198 A.3d 1056 (Pa. 2018) (“*Snyder Brothers*”).

21. The crux of the matter before the Supreme Court of Pennsylvania was whether an impact fee will be assessed when a vertical well’s production exceeds an

⁴ “Stripper well” is defined in Act 13 as “[a]n unconventional gas well incapable of producing more than 90,000 cubic feet of gas per day during any calendar month, including production from all zones and multilateral well bores at a single well, without regard to whether the production is separately metered.” 58 Pa.C.S. § 2301.

average of 90,000 cubic feet of natural gas per day for even one month of the year, or whether the well must exceed the production threshold in every month of the year for the fee to be imposed. On December 28, 2018, the Supreme Court of Pennsylvania concluded that under Act 13, the impact fee will be imposed on vertical wells if their production exceeds 90,000 cubic feet of natural gas per day for even one month of the year. *Id.*

22. On April 10, 2018, Xtreme Energy filed an Amended Annual Report for 2017, amending the Fund Well Summary that was created by the Bureau of Administration to dispute payment of well number 111-20272 (Menhorn 2H) based on the then-pending appellate litigation concerning the definition of “stripper well.” Xtreme Energy’s 2017 Amended Annual Report is attached hereto as Attachment C.

23. Though untimely, the Bureau of Administration accepted Xtreme Energy’s 2017 Amended Annual Report.

24. On June 5, 2018 and September 26, 2018, Respondent submitted payments that were applied to the undisputed \$20,300 impact fee and \$50 administrative charge for well number 111-20277 (Hillegass 2H), which fully satisfied the 2017 impact fee and administrative charge for that well.

25. Though untimely, the Bureau of Administration accepted Xtreme Energy’s payments related to the 2017 calendar year for well number 111-20277 (Hillegass 2H).

26. As referenced above, the Supreme Court of Pennsylvania’s decision in *Snyder Brothers* resolved any ambiguity in the meaning of “stripper well” in Act 13 and

rendered well number 111-20272 (Menhorn 2H) to be subject to the impact fee and administrative charge.

27. Despite the issuance of the *Snyder Brothers* ruling on December 28, 2018, Xtreme Energy failed to pay the 2017 impact fee and administrative charge for well number 111-20272 (Menhorn 2H).

28. Respondent was aware of the *Snyder Brothers* ruling. I&E had initiated a prior enforcement proceeding against Respondent alleging that Xtreme Energy failed to pay impact fees and administrative charges for the 2014, 2015 and 2016 calendar years. *I&E v. Xtreme Energy Company*, Docket No. C-2017-2599145 (Formal Complaint filed April 12, 2017; Amended Formal Complaint filed September 4, 2018). I&E and Xtreme Energy ultimately resolved the matter by entering into and filing a Settlement Agreement on April 19, 2019, which the Commission approved without modification on June 17, 2019. Paragraphs 33(F) and (G) of the Settlement provide as follows:

F. Respondent and I&E agree that the Supreme Court of Pennsylvania's decision in *Snyder Brothers, Inc. v. Pa. Pub. Util. Comm'n*, 198 A.3d 1056 (Pa. 2018) is dispositive as to Well No. 111-20272 (Menhorn).

G. Respondent agrees to timely pay the amounts set forth in any invoice sent by the Commission with respect to Well No. 111-20272 (Menhorn) related to the 2017 calendar year. Upon timely payment of this invoice, I&E agrees to forego from prosecuting Xtreme, including seeking the imposition of interest, Act 13 penalties and administrative civil penalties, with respect to any issue regarding the timeliness of Xtreme's Act 13 report and dispute concerning Well No. 111-20272 (Menhorn) related to the 2017 calendar year.

I&E v. Xtreme Energy Company, Docket No. C-2017-2599145 (Joint Petition for Approval of Settlement filed on April 19, 2019), ¶ 33(F)-(G).

29. On or about February 6, 2019, the Bureau of Administration sent Respondent an invoice demanding payment of the 2017 impact fee in the amount of \$20,300 and 2017 administrative charge in the amount of \$50, for a total of \$20,350, related to well number 111-20272 (Menhorn 2H). Payment was due within thirty (30) days of receipt of the invoice. The invoice is attached hereto as Attachment D.

30. Respondent failed to adhere to Paragraph 33(G) of the Settlement Agreement in that it failed to pay the invoice.

2018 Calendar Year

31. On or about April 9, 2019, Respondent filed an Annual Report for 2018, which is attached hereto as Attachment E.

32. According to Respondent's Annual Report for the 2018 calendar year, Respondent operated the following two unconventional wells as designated by DEP permit numbers:

1. 111-20272 (Menhorn 2H)
2. 111-20277 (Hillegass 2H)

33. For 2018, impact fees were \$20,300 per well.

34. Based on Respondent's 2018 Annual Report, Respondent owes a total of \$40,600 in impact fees for these wells.

35. These impact fees were due by April 1, 2019.

36. To date, Respondent has not yet paid the \$40,600 in impact fees due for 2018.

37. For 2018, the administrative charge due under Act 13 was \$50 per well. 58 Pa.C.S. § 2303(c)(1); *See also, Proposed Rulemaking Order.*

38. Based on Respondent's 2018 Annual Report, Respondent operated two wells subject to Act 13 administrative charges, for a total due of \$100.

39. These administrative charges were due by April 1, 2019.

40. To date, Respondent has not yet paid the \$100 in administrative charges due for 2018.

41. Respondent did not submit a dispute contesting the amount of its impact fees and administrative charges for 2018.

42. On or about October 16, 2019, the Fiscal Office mailed to Respondent a Notice of Amount Due setting forth the amount of the delinquent impact fees and administrative charges due for 2017 and 2018 and demanding payment. The Notice of Amount Due is attached hereto as Attachment F.

43. Xtreme Energy did not respond to the Notice of Amount Due.

III. VIOLATIONS:

COUNT ONE

44. All allegations in paragraphs 1-43 are incorporated as if fully set forth herein.

45. To date, Respondent has failed to comply with Act 13 in that it has not paid the impact fee and administrative charge imposed under the Act for its unconventional

gas well with DEP well permit number 111-20272 (Menhorn 2H) related to the 2017 calendar year. Payment in full of the impact fee and administrative charge for this well in the amount of \$20,350 was due by March 8, 2019.

If proven, this is a continuing violation of 58 Pa.C.S. § 2303(c) from March 8, 2019, until the impact fee and administrative charge is paid in full.

COUNT TWO

46. All allegations in paragraphs 1-43 are incorporated as if fully set forth herein.

47. To date, Respondent has failed to comply with Act 13 in that it has not paid the full amount of impact fees and administrative charges imposed under the Act for its unconventional gas wells listed in Paragraph 32. Payment in full of the impact fees and administrative charges for these wells in the amount of \$40,700 was due by April 1, 2019.

If proven, this is a continuing violation of 58 Pa.C.S. § 2303(c) from April 2, 2019, until the impact fees and administrative charges are paid in full.

VI. RELIEF REQUESTED:

48. Based on the foregoing allegations, the Bureau of Investigation and Enforcement hereby requests that Respondent be directed to pay a total of \$88,754.50 as detailed below:

- a. Respondent be ordered to pay its past due impact fee and administrative charge related to the 2017 calendar year in the amount of \$20,350;

- b. Respondent be ordered to pay its past due impact fees and administrative charges related to the 2018 calendar year in the amount of \$40,700;
- c. Respondent be ordered to pay interest at an interest rate of 4.0% of the amount due for a sum of \$2,442 pursuant to 58 Pa.C.S. § 2308(a);
- d. Respondent be ordered to pay a penalty of 25% of the amount due for a sum of \$15,262.50 pursuant to 58 Pa.C.S. § 2308(b);
- e. Respondent be ordered to pay an administrative civil penalty of \$10,000 pursuant to 58 Pa.C.S. § 2310 given the willfulness of Respondent's violations; and
- f. The Commission grant such other relief as the Commission deems appropriate.

WHEREFORE, for all the foregoing reasons, the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission respectfully requests that, after consideration of the record, the Office of Administrative Law Judge and the Commission find West Texas Operating Company LLC d/b/a Xtreme Energy Company in violation of each and every count as set forth herein and grant the relief specified above.

Respectfully submitted,



Stephanie M. Wimer
Senior Prosecutor
PA Attorney ID No. 207522
717.772.8839
stwimer@pa.gov

Michael L. Swindler
Deputy Chief Prosecutor
PA Attorney ID No. 43319

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265

Date: February 25, 2020

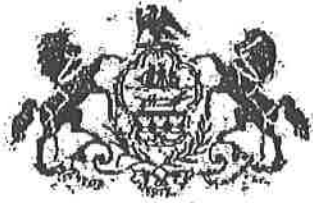
ATTACHMENT A



Fund Well Summary

Permit Number	Producer Name	Reporting Year	Well Type	Well Status	Oper Year	Is Paying Fee	Is Restimulated	Is Disputed	Impact Fee
111-20272	XTREME ENERGY CO	2017	Horizontal	Active	6	TRUE	FALSE	FALSE	\$20,300.00
111-20277	XTREME ENERGY CO	2017	Horizontal	Active	7	TRUE	FALSE	FALSE	\$20,300.00

ATTACHMENT B



Commonwealth of Pennsylvania
 Pennsylvania Public Utility Commission
 P.O. Box 3265
 Harrisburg, PA 17105-3265

STATEMENT DATE	STATEMENT NUMBER
04/09/2018	17-35-0000317770-1

REPORTING YEAR
January 1, 2017 - December 31, 2017

IMPACT FEE STATEMENT

PAST DUE

XTREME ENERGY CO
 P.O. Box 2326
 Victoria, TX 77902-2326

Description	Amount
Impact fee for 2 Horizontal Gas Wells	\$40,600.00
Balance Due by April 2, 2018	\$40,600.00

MAKE CHECK PAYABLE TO:
 Commonwealth of Pennsylvania
 FEIN: 01-0661737

MAIL PAYMENT TO:
 PA PUC
 BUREAU OF ADMINISTRATION/FISCAL OFFICE
 PO BOX 3265
 HARRISBURG, PA 17105-3265

ACH and Wire Payments:
 Bank: Wells Fargo Bank
 ABA#: 121000248
 Account Name: Commonwealth of PA
 Account #: 2100019862887
 OBI: Gas Well Fees



Commonwealth of Pennsylvania
 Pennsylvania Public Utility Commission
 P.O. Box 3265
 Harrisburg, PA 17105-3265

STATEMENT DATE	STATEMENT NUMBER
04/09/2018	17-35-0000317770-2

REPORTING YEAR
January 1, 2017 - December 31, 2017

SPUD FEE STATEMENT

PAST DUE

XTREME ENERGY CO
 P.O. Box 2326
 Victoria, TX 77902-2326

Description	Amount
Spud fee for 2 Horizontal Gas Wells	\$100.00
Balance Due by April 2, 2018	\$100.00

MAKE CHECK PAYABLE TO:
 Commonwealth of Pennsylvania
 FEIN: 01-0661737

MAIL PAYMENT TO:
 PA PUC
 BUREAU OF ADMINISTRATION/FISCAL OFFICE
 PO BOX 3265
 HARRISBURG, PA 17105-3265

ACH and Wire Payments:
 Bank: Wells Fargo Bank
 ABA#: 121000248
 Account Name: Commonwealth of PA
 Account #: 2100019662887
 OBI: Spud Fee

ATTACHMENT C



Commonwealth of Pennsylvania
 Pennsylvania Public Utility Commission
 P.O. Box 3265
 Harrisburg, PA 17105-3265

XTREME ENERGY CO
 P.O. Box 2326
 Victoria, TX 77902-2326

STATEMENT DATE	STATEMENT NUMBER
04/09/2018	17-35-0000317770-1

REPORTING YEAR
January 1, 2017 - December 31, 2017

IMPACT FEE STATEMENT

Please contact Amy Zuvich at 717-783-6806 for questions concerning this statement.

Description	Amount
Impact fee for 2 Horizontal Gas Wells	\$40,600.00
Less Impact fee for 1 Disputed Horizontal Gas Wells	(\$20,300.00)
<hr/>	
2017 Fees Due	\$20,300.00
Payments Received	(\$20,300.00)
<hr/>	
Balance Due by April 2, 2018	\$0.00

MAKE CHECK PAYABLE TO
 Commonwealth of Pennsylvania
 FEIN: 01-0661737

MAIL PAYMENT TO
 PA PUC
 BUREAU OF ADMINISTRATION/FISCAL OFFICE
 PO BOX 3265
 HARRISBURG, PA 17105-3265

ACH and Wire Payments
 Bank: Wells Fargo Bank
 ABA#: 121000248
 Account Name: Commonwealth of PA
 Account #: 2100019662887
 OBI: Gas Well Fees



Commonwealth of Pennsylvania
 Pennsylvania Public Utility Commission
 P.O. Box 3265
 Harrisburg, PA 17105-3265

XTREME ENERGY CO
 P.O. Box 2326
 Victoria, TX 77902-2326

STATEMENT DATE	STATEMENT NUMBER
04/09/2018	17-35-0000317770-2

REPORTING YEAR
January 1, 2017 - December 31, 2017

SPUD FEE STATEMENT

Please contact Amy Zuvich at 717-783-6806 for questions concerning this statement.

Description	Amount
Spud fee for 2 Horizontal Gas Wells	\$100.00
Less Spud fee for 1 Disputed Horizontal Gas Wells	(\$50.00)
	2017 Fees Due \$50.00
	Payments Received (\$50.00)
Balance Due by April 2, 2018	\$0.00

MAKE CHECK PAYABLE TO:

Commonwealth of Pennsylvania
 FEIN: 01-0661737

MAIL PAYMENT TO:

PA PUC
 BUREAU OF ADMINISTRATION/FISCAL OFFICE
 PO BOX 3265
 HARRISBURG, PA 17105-3265

ACH and Wire Payments:

Bank: Wells Fargo Bank
 ABA#: 121000248
 Account Name: Commonwealth of PA
 Account #: 2100019662887
 OBI: Spud Fee

ATTACHMENT D



Commonwealth of Pennsylvania
 Pennsylvania Public Utility Commission
 P.O. Box 3265
 Harrisburg, PA 17105-3265

XTREME ENERGY CO
 P.O. Box 2326
 Victoria, TX 77902-2326

STATEMENT DATE	STATEMENT NUMBER
02/05/2019	17-35-0000317770-D1

REPORTING YEAR
January 1, 2017 - December 31, 2017

NOTICE OF IMPACT FEE DUE

This statement is for the resolution of your disputes regarding the stripper well definition as determined by the December 28, 2018 Supreme Court Ruling. You have 10 days from the date of this invoice to object to the amount due. The objection, along with the reason, must be submitted in writing.

Description	Amount
Impact fee for 1 Resolved Disputes (see attached for details)	\$20,300.00
BALANCE DUE (payment due within 30 days)	\$20,300.00

MAKE CHECK PAYABLE TO:
 Commonwealth of Pennsylvania
 FEIN: 01-0661737

MAIL PAYMENT TO:
 PA PUC
 BUREAU OF ADMINISTRATION/FISCAL OFFICE
 PO BOX 3265
 HARRISBURG, PA 17105-3265

ACH and Wire Payments:
 Bank: Wells Fargo Bank
 ABA#: 121000248
 Account Name: Commonwealth of PA
 Account #: 2100019662887
 OBI: Gas Well Fees

Please contact Amy Zuvich at 717-783-6806 for questions.



Commonwealth of Pennsylvania
 Pennsylvania Public Utility Commission
 P.O. Box 3265
 Harrisburg, PA 17105-3265

XTREME ENERGY CO
 P.O. Box 2326
 Victoria, TX 77902-2326

STATEMENT DATE	STATEMENT NUMBER
02/05/2019	17-35-0000317770-D2

REPORTING YEAR
January 1, 2017 - December 31, 2017

NOTICE OF SPUD FEE DUE

This statement is for the resolution of your disputes regarding the stripper well definition as determined by the December 28, 2018 Supreme Court Ruling. You have 10 days from the date of this invoice to object to the amount due. The objection, along with the reason, must be submitted in writing.

Description	Amount
Spud fee for 1 Resolved Disputes (see attached for details)	\$50.00
BALANCE DUE (payment due within 30 days)	\$50.00

MAKE CHECK PAYABLE TO
 Commonwealth of Pennsylvania
 FEIN: 01-0661737

MAIL PAYMENT TO
 PA PUC
 BUREAU OF ADMINISTRATION/FISCAL OFFICE
 PO BOX 3265
 HARRISBURG, PA 17105-3265

ACH and Wire Payments:
 Bank: Wells Fargo Bank
 ABA#: 121000248
 Account Name: Commonwealth of PA
 Account #: 2100019662887
 OBI: Spud Fee

Please contact Amy Zuvich at 717-783-6806 for questions.

ATTACHMENT E



Fund Well Summary

Permit Number	Producer Name	Reporting Year	Well Type	Well Status	Oper Year	Is Paying Fee	Is Restimulated	Is Disputed	Impact Fee
111-20277	XTREME ENERGY CO	2018	Horizontal	Active	8	TRUE	FALSE	FALSE	\$20,300.00
111-20272	XTREME ENERGY CO	2018	Horizontal	Active	7	TRUE	FALSE	FALSE	\$20,300.00

ATTACHMENT F

5. That Respondent filed an amended Annual Report with the Commission for reporting year 2017. The 2017 Annual Report is attached hereto and marked Exhibit A.

6. That for 2017, Respondent disputed the Impact Fees and Spud Fees for well number 111-20272, Menhorn 2H, awaiting the Pennsylvania Supreme Court's decision on the definition of a stripper well.

7. That on December 28, 2018, the Pennsylvania Supreme Court concluded that a "vertical gas well" is subject to an assessment of an impact fee for a calendar year whenever that well's natural gas production exceeds 90,000 cubic feet per day in at least one calendar month of that year.

8. That Commission records indicate Respondent should have paid Impact Fees in the amount of \$40,600 and Spud Fees in the amount of \$100 for 2017.

9. That for 2017, Respondent paid \$20,300 toward Impact Fees and \$50 toward Spud Fees for well number 111-20277, Hillegass 2H.

10. That for 2017, \$20,300 of Impact Fees and \$50 of Spud Fees related to well number 111-20272, Menhorn 2H, have not been received. Therefore, there is a deficiency of \$20,350.

11. That Respondent filed an Annual Report with the Commission for reporting year 2018. The 2018 Annual Report is attached hereto and marked Exhibit B.

12. That for 2018, Respondent did not pay Impact Fees or Spud Fees.

13. That Commission records indicate that Respondent should have paid Impact Fees in the amount of \$40,600 and Spud Fees in the amount of \$100 for 2018. Therefore, there is a deficiency of \$40,700.

WHEREFORE, Respondent is hereby notified that:

(a) The Fiscal Office demands payment of Respondent's total delinquent Impact Fees and Spud Fees for 2017 and 2018 in the amount of \$61,050 within twenty (20) days of the date of service of this Notice.

(b) If Respondent does not pay the delinquent Impact Fees and Spud Fees in accordance with Paragraph (a) above, Respondent shall file a written response with the Commission regarding this matter within twenty (20) days of the date of service of this Notice. Filing shall be made pursuant to Section 1.11 of Title 52 of the Pennsylvania Code. 52 Pa. Code § 1.11.

(c) If Respondent fails to pay the delinquent Impact Fees and Spud Fees or file a written response in accordance with Paragraphs (a) and (b) above, Respondent will be deemed in default.

(d) If Respondent fails to pay the delinquent Impact Fees and Spud Fees in full within twenty (20) days of the date of service of this Notice, but files a written response in accordance with Paragraph (b) above, the Fiscal Office will refer this matter to the Office of Administrative Law Judge ("OALJ") for hearing and issuance of a Recommended Decision pursuant to the Commission's rules of practice and procedure found at 52 Pa. Code Chapters 1, 3 and 5.

(e) Following the adjudicatory proceeding before the OALJ, the Commission will issue a Final Order regarding this matter.

(f) The Commission may assess interest and penalties on the delinquent Impact Fees and Spud Fees as permitted by Sections 2307-2313 of the Act if (i) Respondent fails to pay the delinquent Impact Fees and Spud Fees in full within twenty (20) days of the service date of this Notice, (ii) Respondent fails to file a timely response in accordance with Paragraph (b) above; or (iii) after hearing, the Commission sustains the amount due by a Final Order.

Respectfully submitted,



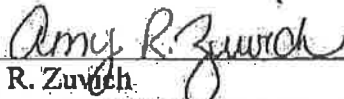
Robert C. Gramola
Director of Administration
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Date: 10/16/19

VERIFICATION

I, Amy R. Zuvich, Fiscal Chief, of the Pennsylvania Public Utility Commission's Bureau of Administration's Fiscal Office hereby state that the facts above set forth are true and correct to the best of my knowledge, information, and belief and that I expect the Fiscal Office will be able to prove the same at any hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: 10/16/19



Amy R. Zuvich
Bureau of Administration's Fiscal Office
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

EXHIBIT A

**XTREME ENERGY CO
2017 ANNUAL IMPACT FEE REPORT**



Fund Well Summary

Permit Number	Producer Name	Reporting Year	Well Type	Well Status	Oper Year	Impact Fee	Spud Fee	
111-20277	XTREME ENERGY CO	2017	Horizontal	Active	7	\$20,300.00	\$50.00	paid
111-20272	XTREME ENERGY CO	2017	Horizontal	Active	6	\$20,300.00	\$50.00	due

EXHIBIT B

**XTREME ENERGY CO
2018 ANNUAL IMPACT FEE REPORT**



Fund Well Summary

Permit Number	Producer Name	Reporting Year	Well Type	Well Status	Oper Year	Impact Fee	Spud Fee
111-20272	XTREME ENERGY CO	2018	Horizontal	Active	8	\$20,300.00	\$50.00
111-20277	XTREME ENERGY CO	2018	Horizontal	Active	7	\$20,300.00	\$50.00

Pennsylvania Public Utility
Commission, Bureau of Investigation
and Enforcement,
Complainant

v.

West Texas Operating Company LLC
d/b/a Xtreme Energy Company,
Respondent


Docket No. C-2020-

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

Notification by Certified Mail and Electronic Mail:

Michael Hahn, Vice President of Operations
West Texas Operating Company LLC
d/b/a Xtreme Energy Company
118 North Main Street, Suite F
Victoria, TX 77901
mhahn@xeogc.com


Stephanie M. Wimer
Senior Prosecutor
PA Attorney ID No. 207522

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 772.8839
stwimer@pa.gov

Dated: February 25, 2020