

**RAILROAD COMMISSION OF TEXAS  
OFFICE OF GENERAL COUNSEL  
HEARINGS SECTION**

**OIL AND GAS DOCKET NO. 7B-0282750**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY C&C PETROLEUM MANAGEMENT, LLC (120104), AS TO THE MCCOMAS -A- LEASE, WELL NO. 20 (DRILLING PERMIT 742460), MICOAU (FLIPPEN) FIELD, TAYLOR COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on September 19, 2013, and that the respondent, C&C Petroleum Management, LLC (120104), failed to appear or respond to the Notice of Opportunity for Hearing. Pursuant to § 1.49 of the Commission's General Rules of Practice and Procedure [Tex. R. R. Comm'n, 16 TEX. ADMIN. CODE § 1.49] and after being 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. C&C Petroleum Management, LLC (120104), ("Respondent"), was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address, which was signed.
2. The certified receipt containing the Original Complaint and the Notice of Opportunity for Hearing, was signed for by Respondent on July 25, 2013. The certified electronic signature receipt is included in the file and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On October 17, 2012, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Bruce A. Gwyn, Managing Member; and Lee C. Schlesinger, II, Managing Member.
4. Bruce A. Gwyn, was a person in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
5. Lee C. Schlesinger, II, was a person in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.

6. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
7. Respondent designated itself to the Commission as the operator of Well No. 20 (Drilling Permit No. 742460) on the McComas -A- Lease ("subject well"/"subject lease") by filing a W-1 Form (Application to Drill, Recomplete or Re-Enter) received on June 8, 2012, approved on June 20, 2012.
8. Respondent's P-5 (Organization Report) became delinquent on May 1, 2013. Respondent had \$50,000 cash as its financial assurance at the time of its last P-5 renewal.
9. A Commission District inspection was conducted on October 29, 2012 for the McComas -A- Lease. There were open mud circulation/completion pits measuring 75' long and 12' wide, with an unknown depth, with approximately 6 barrels of oil standing on the water, with another area of standing oil approximately 110' long by 24' wide with an unknown depth. A subsequent Commission District inspection report made on December 19, 2012 indicated that the fluids had been removed from the pits. However, the area of 110' x 24' had only been partially remediated, leaving an area in the south pit, east end, with an affected area measuring 9' long by 8' wide by 8" deep. A Commission District inspection report made on February 13, 2013 still showed the area to not be remediated. A Commission District inspection report made on August 8, 2013 showed that remediation was complete.
10. No permit had been issued to the Respondent for the discharges of oil and gas wastes on or from the subject lease.
11. The unpermitted discharges of oil and gas wastes or other substances or materials on the subject lease constituted a hazard to public health and safety because leaks and spills of oil and produced waters onto soils could migrate onto surface water bodies causing contamination or could leach into the ground and percolate through soils into groundwater supplies.
12. A Commission District inspection was conducted on December 20, 2012 for the McComas -A- Lease. Well No. 20 (Drilling Permit No. 742460) did not pass the required mechanical integrity test, as the test showed a 12% drop in pressure over the 30 minute testing interval and a 14% drop in pressure over the 45 minute testing interval. Therefore, Respondent was unable to prove the integrity of the casing and the casing was condemned until the leak was repaired or the well plugged. A Commission District inspection report made on February 13, 2013 showed that the casing had not been retested nor had the well been plugged. A Commission District inspection conducted on August 8, 2013 showed that the wellhead was secure.
13. Maintenance of surface control by wellhead assemblies is necessary to prevent the discharge of oil and gas wastes on the subject lease constituting a hazard to public health and safety because the discharges of oil and gas wastes onto land surface can migrate into surface or subsurface waters.
14. A Commission District inspection was conducted on September 27, 2012 on the McComas -A- Lease. Well No. 20 (Drilling Permit No. 742460) was completed but Respondent has not filed the required completion report.

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15. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject lease and subject well in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.

### **CONCLUSIONS OF LAW**

1. Proper notice was issued by the Railroad Commission to respondent and to all other appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this hearing have been performed or have occurred.
3. Respondent is in violation of Commission Statewide Rules 8(d)(1), 13(b)(1)(B) and 16(b).
4. Respondent was responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(1), which prohibits the discharge of oil and gas wastes without a permit.
5. Respondent was responsible for maintaining the subject lease in compliance with Statewide Rule 13(b)(1)(B), which requires that surface control of all wells be maintained with wellhead assemblies.
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 16(b), which requires that the owner, or operator of an oil, gas or geothermal resource well, must within thirty (30) days after the completion of such well, or the plugging of such well, if the well is a dry hole, shall file with the Commission the appropriate completion or plugging report.
7. Respondent is responsible for maintaining the subject lease and subject well in compliance with all applicable Commission rules according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91 of the Texas Natural Resources Code.
8. The documented violations committed by the respondent constitute acts deemed serious, a hazard to the public health, and demonstrate a lack of good faith pursuant to TEX. NAT. RES. CODE ANN. §81.0531.
9. As a person in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, Bruce A. Gwyn, and any other organization in which he may hold a position of ownership or control, shall

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be subject to the restrictions of Texas Natural Resource Code Section 91.114(a)(2) for a period of no more than seven years from the date the order entered in this matter becomes final, or until the conditions that constituted the violations herein are corrected or are being corrected in accordance with a schedule to which the Commission and the organization have agreed; and all administrative, civil, and criminal penalties and all cleanup and plugging costs incurred by the State relating to those conditions are paid or are being paid in accordance with a schedule to which the Commission and the organization have agreed, whichever is earlier.

10. As a person in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, Lee C. Schlesinger, II, and any other organization in which he may hold a position of ownership or control, shall be subject to the restrictions of Texas Natural Resource Code Section 91.114(a)(2) for a period of no more than seven years from the date the order entered in this matter becomes final, or until the conditions that constituted the violations herein are corrected or are being corrected in accordance with a schedule to which the Commission and the organization have agreed; and all administrative, civil, and criminal penalties and all cleanup and plugging costs incurred by the State relating to those conditions are paid or are being paid in accordance with a schedule to which the Commission and the organization have agreed, whichever is earlier.

**IT IS ORDERED THAT** within 30 days from the day immediately following the date this order becomes final:

1. C&C Petroleum Management, LLC (120104), shall place the McComas -A- Lease, Well No. 20 (Drilling Permit No. 742460), Micoau (Flippen) Field, Taylor County, Texas in compliance with applicable Commission rules and regulations; and
2. C&C Petroleum Management, LLC (120104), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TEN THOUSAND NINE HUNDRED FIFTY DOLLARS (\$10,950.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. 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 90 days from the date the parties are notified of the order.

All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

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Noncompliance with the provisions of this order is subject to enforcement by the Attorney General and subject to civil penalties of up to \$10,000.00 per day per violation.

Done this 7<sup>th</sup> day of January 2014.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated January 7, 2014)

TJJ/sa