

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

OIL AND GAS DOCKET NO. 09-0255202

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY RED RIVER EXPLORATION, INC. (697053), AS TO THE J.E. ROLLER ESTATE FARMOUT K LEASE, WELL NO. K1 (623270), WICHITA COUNTY REGULAR FIELD, WICHITA COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on April 10, 2008, and that the respondent, Red River Exploration, Inc. (697053), failed to appear to the Notice of 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. Red River Exploration, Inc. (697053), ("Respondent") was given Notice of Hearing by certified mail, addressed to the most recent P-5 address on the Form P-5 Organization Report, which was signed and returned to the Commission.
2. The returned certified receipt (green card) that was attached to the Original Complaint and the Notice of Hearing mailed to Respondent's most recent P-5 address was signed and returned to the Commission on March 3, 2008. The certified receipt has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On April 18, 2007, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Boo Nathaniel J. Bradberry, President; and Nolan Jacob Bradberry, Vice-President.
4. Boo Nathaniel J. Bradberry, 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. Nolan Jacob Bradberry, 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. K1 (623270) J.E. Roller Estate Farmout K Lease ("subject well"/"subject lease") by filing a Form W-1 (Application to Drill, Deepen, Plug Back or Re-Enter) with the Commission on July 26, 2006.
8. According to Commission records the Respondent's Form P-5 (Organization Report) was delinquent at the time of the hearing. Respondent had a \$50,000.00 Bond as its financial assurance at the time of the hearing. Commission records indicate that on June 17, 2008, Respondent's Form P-5 (Organization Report) became active. Respondent has a \$50,000 Bond as its financial assurance.
9. The subject well has never produced.
10. Usable quality groundwater in the area is likely to be contaminated by migrations or discharges of saltwater and other oil and gas wastes from the subject well. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the potential of pollution.
11. The total estimated cost to the State of plugging the subject well is \$16,900.00.
12. Commission inspections were conducted on November 2, 2007 and November 29, 2007 for the J.E. Roller Estate Farmout K Lease. The signs or identification required to be posted at the lease entrance and well site were missing.
13. Failure to properly identify a well by the posting of the sign required by Statewide Rule 3 has the potential for causing confusion and delay in remedying a violation or emergency and poses a threat to the public health and safety.
14. Commission inspections were conducted on November 2, 2007 and November 29, 2007 for the J.E. Roller Estate Farmout K Lease. Well No. K1 (623270) was a non-cased hole, and the well was starting to erode and cave in around the well bore. The caved in area is approximately 7.5' x 7.5' x 3.5'. There was also some lumber placed in the well bore area. In addition, a review of Commission records reveals that no surface casing date was sent in by Respondent, thereby concurring with the lack of surface casing in the well.
15. Commission inspections were conducted on November 2, 2007 and November 29, 2007 for the J.E. Roller Estate Farmout K Lease. Respondent failed to dewater, backfill and compact two open pits. The approximate sizes of the pits are 25' x 40' x 2.5' deep, and 8' x 12' x 2.5' deep.
16. Unfilled pits constitute a hazard to public health and safety because of the potential for illegal dumping in the pits and the potential for surface runoff to collect in the pit and seep into subsurface waters.

17. 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 3, 8(d)(4)(G)(i)(I), 13(b)(2)(A), and 14(b)(2).
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 3, which requires that each property that produces oil, gas or geothermal resources and each oil, gas or geothermal resource well and tank, or other approved crude oil measuring facility shall post signs or identification.
5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(4)(G)(i)(I), which requires reserve pits and mud circulation pits to be dewatered, backfilled and compacted within one year of cessation of drilling operations.
6. Respondent was responsible for maintaining the subject lease in compliance with Statewide Rule 13(b)(2)(B), which requires operators properly cement the annular space outside the casing.
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(c).

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, Boo Nathaniel J. Bradberry, 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.
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, Nolan Jacob Bradberry, 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

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

1. Red River Exploration, Inc. (697053), shall plug Well No. K1 (623270), J.E. Roller Estate Farmout K Lease, Wichita County Regular Field, Wichita County, Texas in compliance with applicable Commission rules and regulations;
2. Red River Exploration, Inc. (697053), shall place the J.E. Roller Estate Farmout K Lease, Wichita County Regular Field, Wichita County, Texas in compliance with applicable Commission rules and regulations; and
3. Red River Exploration, Inc. (697053), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FOUR THOUSAND FIVE HUNDRED DOLLARS (\$4,500.00)**.

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.

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 12th day of August 2008.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated August 12, 2008)

ME/sa