

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

**OIL AND GAS DOCKET NO. 09-0262373**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY RODERICK, LARRY JAMES, SOLE PROPRIETOR, ROCK HILL OPERATING (722830), AS TO THE SPARKMAN (25988) LEASE, WELL NOS. 1 AND 1R, WICHITA COUNTY REGULAR FIELD, WICHITA 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 April 14, 2011 and that the respondent, Roderick, Larry James, Sole Proprietor, Rock Hill Operating (722830), failed to appear or respond to the Amended 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. Roderick, Larry James, Sole Proprietor, Rock Hill Operating (722830), ("Respondent") was given an Amended Notice of Hearing by certified mail, addressed to the most recent P-5 address on the Form P-5 Organization Report.
2. The returned certified receipt 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 marked "unclaimed" on April 5, 2011. 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 1, 2009, Respondent filed an Organization Report (Form P-5) with the Commission reporting that its sole proprietor consisted of the following individual(s): Larry James Roderick
4. Larry James Roderick, as sole proprietor, was 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. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
6. Respondent designated itself to the Commission as the operator of Well Nos. 1 and 1R on the Sparkman (25988) Lease ("subject wells"/"subject lease") by filing a P-4 Form (Producers Transportation Authority and Certificate of Compliance) with the Commission effective on June 1, 1989.

7. Commission records indicate that Respondent's Form P-5 (Organization Report) is active. Respondent has a \$25,000.00 Bond as its financial assurance.
8. Well Nos. 1 and 1R on the Sparkman (25988) Lease ceased production in June 2008.
9. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
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 wells. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the probability of pollution.
11. The estimated cost to the State of plugging Well Nos. 1 and 1R on the Sparkman (25988) Lease is \$6,200.00.
12. The Statewide 14(b)(2) plugging extensions for Well Nos. 1 and 1R on the Sparkman (25988) were denied on February 5, 2009 for a field operations hold and other well violations.
13. Commission District inspections were conducted on February 5, 2009 and March 13, 2009 for the Sparkman (25988) Lease. There was a 20' x 4' x 2" deep area of oil-stained soil and crystals around the tanks at the storage facility. A follow up inspection was conducted on December 17, 2009 that disclosed the violation has been brought into compliance.
14. No permit has been issued to Respondent for the discharge of oil and gas wastes on or from the subject lease.
15. The unpermitted discharges of oil and gas wastes or other substances or materials on the subject lease constitute a hazard to public health and safety because leaks and spills of oil and produced waters onto soils can migrate into surface water bodies causing contamination or can leach into the ground and percolate through soils into groundwater supplies.
16. According to Commission records, Well No. 1 of the Sparkman (25988) Lease was completed in February 1986 and no workovers, re-entries, or subsequent operations have taken place on the subject well within the last 12 months. Commission District inspection reports made on February 5, 2009 and March 13, 2009 for the Sparkman (25988) Lease indicated an open pit measuring approximately 15' x 6' x 2' deep next to Well No. 1. A follow up inspection was conducted on December 17, 2009, and disclosed that the violation had been brought into compliance.
17. 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 run-off to collect in the pit and seep into subsurface waters.
18. Commission District inspections were conducted on February 5, 2009 and March 13, 2009 for the Sparkman (25988) Lease. There were five 55-gallon unmarked drums with unknown contents. Respondent has failed to identify and confirm that the five unmarked drums do not contain hazardous oil and gas wastes. A follow up inspection conducted on March 31, 2010, showed the violation has been brought into compliance.
19. The Respondent has not demonstrated good faith since it failed to plug or otherwise place the subject lease and wells 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 was responsible for maintaining the subject lease in compliance with Statewide Rules 8(d)(1), 8(d)(4)(G)(i)(III) and 98(e)(1).
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14(b)(2).
5. 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.
6. Respondent was responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(4)(G)(i)(III), which requires workover pits to be dewatered, filled and compacted within 120 days from completion of workover operations. .
7. Respondent was responsible for maintaining the subject lease in compliance with Statewide Rule 98(e)(1), which requires that the operator of a facility where waste is generated shall determine if such waste is hazardous oil and gas waste.
8. Respondent is responsible for maintaining the subject lease and subject wells 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.
9. 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.
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, Larry James Roderick, 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. Roderick, Larry James, Sole Proprietor, Rock Hill Operating (722830), shall plug or place the Sparkman (25988) Lease, Well Nos. 1 and 1R, Wichita County Regular Field, Wichita County, Texas in compliance with applicable Commission rules and regulations;
2. Roderick, Larry James, Sole Proprietor, Rock Hill Operating (722830), shall pay the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SEVEN THOUSAND DOLLARS (\$7,000.00)**.

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. GOVT. 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 13<sup>th</sup> day of September 2011.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated September 13, 2011)

JMD/sa