

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 04-0269452

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY ASHLEY SHARP, SOLE PROPRIETOR, DAKOTA OIL COMPANY (197406), ON THE LAUREL LEASE, WELL NO. 1 (154266), TOM SHEARMAN (8000) FIELD, AND THE DELA GARZA, LOLITA BENAVIDES LEASE, WELL NO. 1 (201251), TIFFANY (WILCOX CARRIZO) FIELD, WEBB COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on March 27, 2014, and that the respondent, Ashley Sharp, Sole Proprietor, Dakota Oil Company (197406), 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. Ashley Sharp, Sole Proprietor, Dakota Oil Company (197406), ("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 electronic certified signature receipt containing the Original Complaint and the Notice of Opportunity for Hearing, was signed and returned to the Commission on February 20, 2014. The certified 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 August 6, 2013, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its owner(s) consisted of the following individual(s): Ashley Sharp; Owner.
4. Ashley Sharp, as sole proprietor, 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.

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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 No. 1 (154266) on the Laurel Lease and Well No. 1 (201251) on the DeLa Garza, Lolita Benavides Lease ("subject wells"/"subject leases") by filing P-4 Forms (Producers Transportation Authority and Certificate of Compliance) effective on September 1, 2006 for both of the subject wells and subject leases.
7. Respondent's P-5 (Organization Report) became delinquent on August 6, 2013. Respondent had \$25,000 cash as its financial assurance at the time of its last P-5 renewal.
8. Commission records reflect that on March 26, 2008, the Commission gave Respondent notice by certified mail of the alleged facts or conduct of the Respondent in the operation, or production, of oil or gas from the Laurel Lease, that appeared to violate the oil and gas conservation laws of this state, or rules or orders of the Commission adopted under those laws, to warrant the cancellation of the certificate of compliance. Said notice gave Respondent as opportunity to show compliance with all requirements of law for retention of the certificate of compliance.
9. Commission records reflect that Respondent did not timely show compliance with all requirements of law for retention of the certificate of compliance and, as a result, the certificate of compliance for the Laurel Lease, was cancelled, and Respondent given notice of such cancellation, on April 28, 2008.
10. Production reports filed by Respondent with the Commission for the Laurel Lease, from April 25, 2008 to January 12, 2011, show Respondent produced an approximate total of 5,800 mcf of gas and 180 barrels of condensate from the Laurel Lease, after the certificate of compliance had been cancelled and before a new certificate of compliance had been issued.
11. Commission records reflect that on February 14, 2008, the Commission gave Respondent notice by certified mail of the alleged facts or conduct of the Respondent in the operation, or production, of oil or gas from the DeLa Garza, Lolita Benavides Lease, that appeared to violate the oil and gas conservation laws of this state, or rules or orders of the Commission adopted under those laws, to warrant the cancellation of the certificate of compliance. Said notice gave Respondent as opportunity to show compliance with all requirements of law for retention of the certificate of compliance.
12. Commission records reflect that Respondent did not timely show compliance with all requirements of law for retention of the certificate of compliance and, as a result, the certificate of compliance for the DeLa Garza, Lolita Benavides Lease, was cancelled, and Respondent given notice of such cancellation, on March 17, 2008.

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13. Production reports filed by Respondent with the Commission for the DeLa Garza, Lolita Benavides Lease, from March 17, 2008 to July 3, 2010, show Respondent produced an approximate total of 47,000 mcf of gas and 650 barrels of condensate from the DeLa Garza, Lolita Benavides Lease, after the certificate of compliance had been cancelled and before a new certificate of compliance had been issued.
14. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject leases and subject wells in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.
15. Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 04-0261957; Final Order Served: February 22, 2011; and
Docket No. 04-0268182; Final Order served: October 2, 2012.

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 TEX. NAT. RES. CODE ANN. §85.166 and Commission Statewide Rule 73(i).
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 73(i), which provides that upon cancellation if the certificate of compliance for a well, the operator of such well shall not produce oil, gas or geothermal resources from that well until a new certificate of compliance with respect to the well has been issued by the Commission.
5. Respondent is responsible for maintaining the subject leases 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.
6. 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.

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7. 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, Ashley Sharp, 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. Ashley Sharp, Sole Proprietor, Dakota Oil Company (197406), shall place in compliance the Laurel Lease, Well No. 1 (154266), Tom Shearman (8000) Field, and DeLa Garza, Lolita Benavides Lease, Well No. 1 (201251), Tiffany (Wilcox Carrizo) Field, Webb County, Texas in compliance with applicable Commission rules and regulations; and
2. Ashley Sharp, Sole Proprietor, Dakota Oil Company (197406), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWELVE THOUSAND DOLLARS (\$12,000.00)**.

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. 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 22nd day of April 2014.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated April 22, 2014)

TJJ/sa