

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 6E-0277265

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY BELL, JOHN F., SOLE PROPRIETOR, GLADE OPERATING CO. (307603), AS TO THE MCGEORGE (06690) LEASE, WELL NOS. 4 AND 5, AND WILLIS, LILLIE (07765) LEASE, WELL NOS. 1, 2, 3, 4 AND 5, EAST TEXAS FIELD, GREGG COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on August 7, 2014, and that the respondent, Bell, John F., Sole Proprietor, Glade Operating Co. (30703), 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. Bell, John F., Sole Proprietor, Glade Operating Co. (307603), ("Respondent"), was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The certified envelope containing the Original Complaint and the Notice of Opportunity for Hearing, was delivered and signed for on June 28, 2014. The electronic 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 May 27, 2011, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its sole proprietor consisted of the following individual(s): Bell, John F.
4. Bell, John F., 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.
5. The violations of Commission rules committed by respondent are related to safety and the control of pollution.

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6. Respondent designated itself to the Commission as the operator of Well Nos. 4 and 5 on the McGeorge (06690) Lease and Well Nos. 1, 2, 3, 4 and 5 on the Willis, Lillie (07765) Lease ("subject wells"/"subject leases") by filing P-4 Forms (Producers Transportation Authority and Certificate of Compliance) effective on November 16, 2000 for Well Nos. 4 and 5 on the McGeorge (06690) Lease and April 1, 2002 for Well Nos. 1, 2, 3, 4 and 5 on the Willis, Lillie (07765) Lease.
7. Respondent's P-5 (Organization Report) became delinquent on November 1, 2012. Respondent had \$50,000 cash as its financial assurance at the time of its last P-5 renewal.
8. Production from Well Nos. 4 and 5 on the McGeorge (06690) Lease ceased in February 1998.
9. Production from Well Nos. 1, 2, 3, 4 and 5 on the Willis, Lillie (07765) Lease ceased in October 2006.
10. The Statewide 14b2 plugging extension for Well No. 4 on the McGeorge (06690) Lease was denied on October 31, 2002 for a non active P-5.
11. The Statewide 14b2 plugging extension for Well No. 5 on the McGeorge (06690) Lease was denied on October 26, 2002 for failure to file an H15 (Test On An Inactive Well More Than 25 Years Old) and a non active P-5.
12. The Statewide 14b2 plugging extension for Well Nos. 1, 3, 4 and 5 on the Willis, Lillie (07765) Lease was denied on October 31, 2007 for a non active P-5.
13. The Statewide 14b2 plugging extension for Well No. 2 on the Willis, Lillie (07765) Lease was denied on October 31, 2002 for a non active P-5.
14. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
15. 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.
16. The total estimated cost to the State for plugging Well Nos. 4 and 5 on the McGeorge (06690) Lease is \$37,800.00.
17. The total estimated cost to the State for plugging Well Nos. 1, 2, 3, 4 and 5 on the Willis, Lillie (07765) Lease is \$149,000.00.
18. Commission District inspections were conducted on July 22, 2011, September 12, 2011, November 22, 2011, September 17, 2012 and March 6, 2014 for the McGeorge (06690) Lease. The signs or identification required to be posted at the lease entrance, Well No. 4 and the tank battery were missing.

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19. 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.
20. A Commission District inspection was conducted on July 22, 2011 for the McGeorge (06690) Lease. There was oil leaking out of the casing of Well No. 5, saturating the soil surrounding the wellhead. An inspection conducted on September 12, 2011 showed that in addition to the leak at Well No. 5, oil was leaking from the heater treater. Follow up inspections were conducted on November 22, 2011 and September 17, 2012 indicating oil-saturated soil remained around Well No. 5 and the heater treater. A March 6, 2014 inspection estimated oily dirt around the wellhead of Well No. 5 to be affecting a 30' x 30' area and indicated the oil at the heater treater remained.
21. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
22. 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.
23. Commission District inspections were conducted on February 6, 2012, September 24, 2012 and March 5, 2014 for the Willis, Lillie (07765) Lease. Well No. 5 is open to the atmosphere. A follow up inspection on March 6, 2014 shows the well has been closed.
24. 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.
25. Commission District inspections were conducted on September 12, 2011, November 22, 2011, September 17, 2012 and March 6, 2014 for the McGeorge (06690) Lease. There was vegetation inside the firewall and trees taller than the 400 barrel tanks inside and outside of the firewall that constitute a fire hazard.
26. 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.

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27. Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 6E-0254591; Final Order Served: October 22, 2009;
Docket No. 6E-0260807; Final Order Served: September 22, 2010; and
Docket No. 6E-0277264; Final Order Served: March 25, 2014.

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)(1), 13(b)(1)(B), 14(b)(2) and 21(i).
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)(1), which prohibits the discharge of oil and gas wastes without a permit.
6. Respondent is 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.
7. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 21(i), which requires that fire walls must be erected and kept around all permanent oil tanks, or battery of tanks, that are within the corporate limits of any city.
8. 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.
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.

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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, John F. Bell, 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. Bell, John F., Sole Proprietor, Glade Operating Co. (307603) , shall plug the McGeorge (06690) Lease, Well Nos. 4 and 5, and the Willis, Lillie (07765) Lease, Well Nos. 1, 2, 3, 4 and 5, East Texas Field, Gregg County, Texas in compliance with applicable Commission rules and regulations; and
2. Bell, John F., Sole Proprietor, Glade Operating Co. (307603), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY THOUSAND DOLLARS (\$20,000.00)**.

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 14th day of October 2014.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated October 14, 2014)

LMV/sa