

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7B-0282137

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY FRONTIER OPERATING CORPORATION (287189) AS TO THE DAVIS, G.R. (03454) LEASE, WELL NOS. 1, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 AND 14, SHACKELFORD COUNTY REGULAR FIELD, SHACKELFORD COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on July 31, 2014 and that the respondent, Frontier Operating Corporation (287189), failed to appear or respond 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. Frontier Operating Corporation (287189), ("Respondent"), was given Notice of Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The certified receipt containing the Original Complaint and the Notice of Hearing, was signed and returned to the Commission on July 11, 2014 The certified 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 September 12, 2012, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): John Ayers; President.
4. John Ayers, was a 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. Respondent designated itself to the Commission as the operator of Well Nos. 1, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 on the Davis, G.R. (03454) Lease ("subject wells"/"subject lease") by filing a Form P-4 (Producers Transportation of Authority and Certificate of Compliance) effective on February 1, 2010.
6. Respondent's P-5 (Organization Report) became delinquent on July 1, 2013. Respondent had a \$50,000.00 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
7. Well Nos. 4, 5, 6, 7, 8, 9, 10, 12 and 13 on the Davis, G.R. (03454) Lease ceased production in October 2011.
8. Injection into Well Nos. 1, 11 and 14 on the Davis, G.R. (03454) Lease ceased in July 2011.
9. The Statewide 14b2 plugging extensions for Well Nos. 1, 4, 5, 6, 7, 8, 9, 10, 12, 13 and 14 on the Davis, G.R. (03454) Lease expired on June 30, 2013 for a non active P-5 status.
10. The Statewide 14b2 plugging extensions for Well No. 11 on the Davis, G.R. (03454) Lease expired on June 30, 2013 for a non active P-5 and an H-5 integrity issue.
11. 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.
12. The total estimated cost to the State for plugging Well Nos. 1, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 on the Davis, G.R. (03454) Lease is \$105,600.00.
13. Commission District inspections were conducted on May 18, 2012, July 24, 2012, September 6, 2012, November 2, 2012, January 15, 2013 and July 10, 2014 for the Davis, G.R. (03454) Lease. The signs or identification required to be posted at Well Nos. 4, 6, 7, 8, 9, 10, 11, 12, 13 and 14 were illegible and faded at Well Nos. 1 and 5.
14. 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.
15. Commission District inspections were conducted on May 18, 2012, July 24, 2012, September 6, 2012, November 2, 2012 and January 15, 2013 for the Davis, G.R. (03454) Lease. There was a 6' x 6' x 4" deep area around the casing head of Well No. 4 soaked with hydrocarbons and a 12' x 12' x 6" deep area around the casing head of Well No. 6 soaked with produced water.
16. No permit has been issued to Respondent for the discharge of oil and gas wastes on or from the subject lease.

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17. 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.
18. The Respondent has not demonstrated good faith since it failed to place the subject lease and subject wells in compliance after being notified of the violation by the District Office and failed to appear at the hearing to explain its inaction.
19. The Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 7B-0260890; Final Order Served: September 1, 2009.

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) 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)(1), which prohibits the discharge of oil and gas wastes without a permit.
6. 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.
7. 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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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 10th day of March 2015.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated March 10, 2015)

TJJ/sa