

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 03-0290309

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY NOXXE OIL & GAS, LLC (615853) FOR THE OTT, C.E. ET AL (14258) LEASE, WELL NO. A1, LEAGUE CITY (9700) FIELD, GALVESTON COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on December 4, 2014 and that the respondent, Noxxe Oil & Gas, LLC (615853), failed to appear or respond to the Second 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. Noxxe Oil & Gas, LLC (615853), ("Respondent"), was given Second Notice of 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 Second Notice of Hearing, was signed on October 10, 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 October 1, 2014, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Steven D. Shaffer; Manager.
4. Steven D. Shaffer, 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.
5. Respondent designated itself to the Commission as the operator of Well No. A1 on the Ott, C.E. et al (14258) Lease ("subject well"/"subject lease") by filing a Form P-4 (Producers Transportation of Authority and Certificate of Compliance) effective on May 1, 2011.

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6. Respondent's P-5 (Organization Report) is active. Respondent has \$50,000.00 cash as its financial assurance.
7. A Commission District inspection was conducted on August 18, 2013 for the Ott, C.E. et al (14258) Lease. The stuffing box was leaking due to a bad polish rod wearing out packing, causing about one barrel of oil and an undetermined amount of saltwater to leak out. The saltwater and oil ran into low spots in front of well and on the back side of well. In addition, the inspection indicated there was oil saturated soil around a saltwater pump. Additional inspections conducted on August 20, 2013, September 6, 2013 and September 10, 2013 show the violations remained, with some remediated. The inspection conducted on October 19, 2013 show the violations were cured and the site remediated, making time out of compliance for said violations from August 20, 2013 to October 19, 2013.
8. No permit has been issued to Respondent for the discharge of oil and gas wastes on or from the subject lease.
9. 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.
10. Commission District inspections were conducted on August 18, 2013, August 20, 2013, September 6, 2013 and September 10, 2013 for the Ott, C.E. et al (14258) Lease showing Well No. A1 had a bad polish rod. The inspection conducted on October 19, 2013 indicated the well was repaired, making time out of compliance from August 18, 2013 to October 19, 2013.
11. The Respondent has not demonstrated good faith since it failed to place the subject lease in compliance after being notified of the violation 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 8(d)(1) and 13(a)(6)(A).
4. 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.

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5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 13(a)(6)(A), which requires that each component of the wellhead shall have a pressure rating equal to or greater than the anticipated pressure to which that particular component might be exposed during the course of drilling, testing, or producing the well.
6. Respondent is responsible for maintaining the subject lease 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.
8. 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, Steven D. Shaffer, and any other organization in which she 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. Noxxe Oil & Gas, LLC (615853), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SIX THOUSAND DOLLARS (\$6,000.00)**.

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 25th day of August 2015.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated August, 2015)

LMV/sa