RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL AND GAS DOCKET NO. 09-0294118

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY ROBERT DAVID GOODNER, SOLE PROPRIETOR OF GOODNER, ROB OIL INTEREST (315165) FOR VIOLATIONS OF STATEWIDE RULES ON THE LONE STAR BLOCK 29 (19412) LEASE, WELL NOS. 1, 2, 3, 4, 6, 7 AND 9, AND TANK BATTERY, CLAY COUNTY REGULAR FIELD, CLAY COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on February 26, 2015 and that the respondent, Robert David Goodner, Sole Proprietor of Goodner, Rob Oil Interest (315165), 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. Robert David Goodner, Sole Proprietor of Goodner, Rob Oil Interest (315165), ("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 signed for on January 22, 2015. The certified envelope 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 11, 2013, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its sole proprietor consisted of the following individual(s): Robert David Goodner.

4. Robert David Goodner was a person in a position of ownership or control of respondent, as defined by Texas Natural Resource 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, 2, 3, 4, 6, 7 and 9 and Tank Battery on the Lone Star Block 29 (19412) Lease ("subject wells"/"subject lease") by filing a Form P-4 (Producers Transportation Authority and Certificate of Compliance) effective on July 1, 2010.

7. Respondent's P-5 (Organization Report) became delinquent on July 1, 2014. Respondent had a $50,000 Letter of Credit as its financial assurance at the time of its last P-5 renewal.

8. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.

9. Production from Well Nos. 1, 3, 4, 7 and 9 on the Lone Star Block 29 (19412) Lease ceased on or before March 2012.

10. Injection from Well Nos. 2 and 6 on the Lone Star Block 29 (19412) Lease ceased on or before June 2013.

11. No plugging extensions are in effect for Well Nos. 1, 3, 4, 7 and 9 on the Lone Star Block 29 (19412) Lease as allowed by Statewide Rule 14.

12. The total estimated cost to the state for plugging Well Nos. 1, 2, 3, 4, 6, 7, and 9 on the Lone Star Block 29 (19412) Lease is $33,600.00.

13. 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 well. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the probability of pollution.

14. A Commission District inspection was conducted on March 12, 2014 for the Lone Star Block 29 (19412) Lease. The tanks were leaking oil and produced water.

15. No permit has been issued to Respondent for the discharge of oil and gas wastes on or from the subject lease.

16. 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.

17. Commission District inspections were conducted on March 12, 2014, April 30, 2014 and July 14, 2014 for the Lone Star Block 29 (19412) Lease. Well No. 4 has casing open to the atmosphere.

18. 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.

19. A Commission District Office inspection was conducted on April 30, 2014 for the Lone Star Block 29 (19412) Lease. The well was inactive and that the last mechanical integrity test had occurred on March 30, 2009.

20. Respondent, as Operator of the Lone Star Block 29 (19412) Lease, filed or caused to be filed with the Commission a Form W-10 (Oil Well Status Report) reporting false information. On August 22, 2013, Respondent filed a Form W-10 certifying that the Well No. 1 was producing. However, the production report filed by Respondent for August 2013 indicates zero production on the lease.

21. The Respondent has not demonstrated good faith since it failed to properly plug otherwise place the subject lease and subject well 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 is in violation of Commission Statewide Rules 8(d)(1), 13(a)(6)(A), 14(b)(2) 46(j) and TEX. NAT. RES. CODE ANN. §91.143.

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.

5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 13(a)(6)(A), which requires that surface control of all wells be maintained with wellhead assemblies.

6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14(b)(2), which requires that plugging operations on each dry or inactive well shall be commenced within a period of one year after drilling or operations cease and shall proceed with due diligence until completed.

7. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 46(j), which requires the mechanical integrity of an injection well shall be evaluated by conducting pressure tests to determine whether the well tubing, packer or casing have sufficient mechanical integrity.

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, Robert David Goodner, 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. Robert David Goodner, Sole Proprietor of Goodner, Rob Oil Interest (315165), shall plug or otherwise place the Lone Star Block 29 (19412) Lease, Well Nos. 1, 2, 3, 4, 6, 7 and 9, and Tank Battery, Clay County Regular Field, Clay County, Texas in compliance with applicable Commission rules and regulations; and

2. Robert David Goodner, Sole Proprietor of Goodner, Rob Oil Interest (315165), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **THIRTY FOUR THOUSAND FOUR HUNDRED FORTY ONE DOLLARS ($34,441.00).**

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 20th of October 2015.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated October 20, 2015)

MFE/sja