

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7B-0296641

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY FRONTIER RESOURCES, INC. (287200) FOR VIOLATIONS OF STATEWIDE RULES ON THE E R M UNIT (12836) LEASE, WELL NO. 1, THROCKMORTON COUNTY REGULAR FIELD, THROCKMORTON COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the Administrative Law Judge on November 5, 2015 and that the respondent, Frontier Resources, Inc. (287200), 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 Resources, Inc. (287200), ("Respondent"), was given Second 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 marked "unclaimed" on October 31, 2015. The certified 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 April 29, 2015, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Ellsworth M. Jones, President.
4. Ellsworth M. Jones, 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.

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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 on the E R M Unit (12836) Lease ("subject well"/"subject lease") by filing a Form P-4 (Producers Transportation Authority and Certificate of Compliance) effective on November 1, 1975.
7. Respondent's P-5 (Organization Report) became delinquent on April 1, 2015. Respondent has a \$25,000 cash deposit as its financial assurance.
8. Commission District inspections were conducted on December 18, 2014, February 10, 2015 and March 31, 2015 for the E R M Unit (12836) Lease. The signs or identification required to be posted at the lease entrance and tank battery respectively were missing. Follow up inspections conducted on July 20, 2015 and October 7, 2015 show a sign posted at the lease entrance, but no sign posted at the tank battery.
9. 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.
10. The subject well has not been properly plugged in accordance with, and is not otherwise in compliance with, Statewide Rule 14.
11. The plugging extension for the subject well as allowed by Statewide Rule 14 was cancelled on February 12, 2015 based on Respondent's lack of a good faith claim to operate the subject well, and Respondent has not requested a hearing on the matter.
12. Well No. 1 on the E R M Unit (12836) Lease ceased production in September 2010.
13. The total estimated cost to the state for plugging Well No. 1 on the E R M Unit (12836) Lease is \$26,800.00.
14. 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.
15. The Respondent has not demonstrated good faith since it failed to properly plug or 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.
16. The Respondent's P-5 is delinquent, with a 639 hold, and its financial assurance of \$25,000 is set to expire on March 31, 2016.

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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 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 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.
6. Respondent is responsible for maintaining the subject lease and subject well 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, Ellsworth M. Jones, 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.
9. Respondent is assessed an administrative penalty consisting of the following violations: one Statewide Rule 3(1) violation at \$1,000.00; one Statewide Rule 3(3) violation at \$1,000.00; and one Statewide Rule 14(b)(2) violation at \$6,727.00, which is \$2,000.00 plus \$1.00 per foot per well depth.

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IT IS ORDERED THAT within 30 days from the day immediately following the date this order becomes final:

1. Frontier Resources, Inc. (287200), shall plug the E R M Unit (12836) Lease, Well No. 1, Throckmorton County Regular Field, Throckmorton County, Texas in compliance with applicable Commission rules and regulations; and
2. Frontier Resources, Inc. (287200), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **EIGHT THOUSAND SEVEN HUNDRED TWENTY SEVEN DOLLARS (\$8,727.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). If a timely motion for rehearing of an application 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 Commission order is signed.

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.

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 8th of December 2015.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated December 8, 2015)

MFE/sja