

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 03-0293535

ENFORCEMENT ACTION AGAINST BIG ROCK OIL, LLC (OP. 070075) FOR VIOLATIONS OF STATEWIDE RULES ON THE O'NEALE HEIRS (23810) LEASE, WELL NO. 1, WES POTEET (GRANITE WASH 2670) FIELD, MONTAGUE COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on August, 27, 2015 and that the respondent, Big Rock Oil, LLC (Op. 070075), 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. Big Rock Oil, LLC (Op. 070075), ("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 July 16, 2015. 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 December 20, 2013, Respondent, a Limited Liability Company, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Victor G. Lopez, Manger, and the Banks Group, Registered Agent.
4. Victor G. Lopez, was 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.
6. Respondent designated itself to the Commission as the operator of the O'Neal Heirs (23810) Lease, Well No. 1, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective October 8, 2013, approved December 20, 2013.
7. Respondent's P-5 (Organization Report) is currently delinquent. Respondent had a \$50,000 cash deposit as its financial assurance at the time it became delinquent.
8. Commission District inspection reports made on May 6, 2014 and June 3, 2014, for the O'Neal Heirs (23810) Lease, show that the sign or identification required by Statewide Rule 3(1), [Tex. RR. Comm'n, 16 TEX. ADMIN. CODE §3.3(1)] to be posted at the lease entrance was missing. Follow

- up inspections conducted September 11, 2014 and December 29, 2014, show the lease sign was in place.
9. Commission District inspection reports made on April 1, 2014, May 6, 2014, June 3, 2014, and September 11, 2014, for the O'Neal Heirs (23810) Lease, show that the sign or identification required by Statewide Rule 3(2), [Tex. RR. Comm'n, 16 TEX. ADMIN. CODE §3.3(2)] to be posted at Well No. 1 was missing. A follow up inspection conducted on December 29, 2014, show the lease sign was in place.
 10. Commission District inspection reports made on April 1, 2014, May 6, 2014, June 3, 2014, and September 11, 2014, for the O'Neal Heirs (23810) Lease, show that the sign or identification required by Statewide Rule 3(3), [Tex. RR. Comm'n, 16 TEX. ADMIN. CODE §3.3(3)] to be posted at the tank was missing. A follow up inspection conducted on December 29, 2014, show the storage facility sign was in place.
 11. 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.
 12. The Respondent has not demonstrated good faith since it failed to timely 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.
 13. Commission District inspection reports conducted on April 1, 2014, May 6, 2014, June 3, 2014, September 11, 2014, and December 29, 2014, and zero production reported by Respondent from January 2010 through March 2015 (with no production reports filed thereafter with the Commission), show that the O'Neal Heirs (23810) Lease, Well No. 1, has been inactive for a period greater than one year. Production from the subject well ceased in December 2009.
 14. None of the subject wells have plugging extensions.
 15. Commission District inspection reports made on April 1, 2014, May 6, 2014, June 3, 2014, September 11, 2014, and December 29, 2014 for the O'Neal Heirs (23810) Lease indicate that Respondent caused or allowed oil to leak from the wellhead, effecting an area of soil measuring 5' x 15' 3". In addition, the bradenhead nut has not been properly tightened. On the follow-up inspection dated December 29, 2014, it was noted that the leaking valve had been replaced, but there was still light saturation of oil around the wellhead.
 16. Unfilled pits constitute a hazard to public health and safety because of the potential for illegal dumping in the pits and the potential for surface run-off to collect in the pit and seep into subsurface waters.
 17. 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.

18. The total estimated cost to the State for plugging the O'Neal Heirs (23810) Lease, Well No. 1 is \$9,800.00.
19. Respondent has no prior history of violations of Commission rules.

CONCLUSIONS OF LAW

1. Proper notice was issued by the Railroad Commission to respondent and 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 responsible for maintaining the subject lease in compliance with all applicable Commission rules and for properly plugging the subject well according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91, Texas Natural Resources Code.
4. The documented violations committed by the respondent constitute acts deemed serious, and a hazard to the public health, and demonstrate a lack of good faith pursuant to TEX. NAT. RES. CODE ANN. §81.0531(c) (Vernon 1993).
5. Respondent is in violation of Statewide Rules 3, 14(b)(2), and 8(d)(1).
6. 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.
7. 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.
8. Respondent is responsible for maintaining the subject lease in compliance with Rule 8(d)(1), which prohibits the discharge of oil and gas wastes without a permit.
9. As a person in a position of ownership or control of respondent at the time respondent violated Commission rule related to safety and the control of pollution, both Victor G. Lopez, and any other organization in which he, may hold a position of ownership or control, shall be subject to the restriction of Texas Natural Resources 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 sooner, if 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.

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

1. Big Rock Oil, LLC (Op. 070075), shall plug the O'Neal Heirs (23810) Lease, Well Nos. 1S & 5S, Wichita County Regular Field, Wichita County, Texas in compliance with applicable Commission rules and regulations; and
2. Big Rock Oil, LLC (Op. 070075), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SEVEN THOUSAND, NINE HUNDRED SEVENTY ONE DOLLARS (\$7,971.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after a party is notified of the Commission's order. 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 parties are notified of this order in accordance with Tex. Gov't Code §2001.144.

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 3rd day of February 2016.

RML / jm

RAILROAD COMMISSION OF TEXAS
(Signatures affixed by Default Master Order
dated February 3, 2016)