

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

OIL AND GAS DOCKET NO. 01-0255642

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY DOUGLAS E. RENFRO, SOLE PROPRIETOR, RIMFIRE LAND & CATTLE CO. (712269), AS TO THE WEST, MASSIE (02592) LEASE, WELL NOS. 1, 3, 4, 5, 6, 7, 9, 10, 13, 14 (632689) AND 15 (632691), MASSIE WEST (PALUXY) FIELD, VAL VERDE COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on March 14, 2013, and that the respondent, Douglas E. Renfro, Sole Proprietor, Rimfire Land & Cattle Co. (712269), failed to appear or respond to the Third 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. Douglas E. Renfro, Sole Proprietor, Rimfire Land & Cattle co. (712269), ("Respondent"), was given Third Notice of Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address, which was returned to the Commission.
2. The returned certified receipt containing the Original Complaint and the Third Notice of Hearing, was returned to the Commission marked "unclaimed" on February 11, 2013. The certified receipt has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On March 25, 2008, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its sole proprietor consisted of the following individual(s): Douglas E. Renfro.
4. Douglas E. Renfro, as Sole Proprietor, was a person 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 Well Nos. 1, 3, 4, 5, 6, 7, 8, 9, 10, 13 on the West, Massie (02592) Lease ("subject wells"/"subject lease") by filing a P-4 Form (Producers Transportation Authority and Certificate of Compliance) effective on March 24, 2005.
7. Respondent designated itself to the Commission as the operator of Well Nos. 14 (632689) and 15 (632691) on the West, Massie (02592) Lease ("subject wells"/"subject lease") by filing a W-1 Form (Application to Drill, Deepen, Re-Complete and Re-Enter) received on January 30, 2007.
8. Respondent's P-5 (Organization Report) became delinquent on January 1, 2009. Respondent had a \$12,936 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
9. Well Nos. 1, 5, 6, 7, 9, 10, 13, 14 (632689) and 15 (632691) ceased production in August 2008.
10. Well Nos. 3 and 4 are permitted saltwater disposal wells and ceased injection on or before January 2007.
11. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with Statewide Rule 14.
12. The Statewide Rule 14b2 plugging extensions for Well Nos. 1, 5, 6, 7, 9, 10 and 13 on the West, Massie (02592) Lease were denied on November 25, 2010 for H-15 problems.
13. The Statewide Rule 14b2 plugging extensions for Well Nos. 3 and 4 on the West, Massie (02592) Lease were denied on November 25, 2010 for H-5 issues.
14. Usable quality groundwater 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 potential for pollution.
15. The total estimated cost to the State for plugging the subject wells is \$24, 200.00.
16. Commission District inspections were conducted on August 25, 2005, May 16, 2006, August 4, 2006, January 25, 2007, February 16, 2007, June 8, 2007, November 27, 2007, January 14, 2008 and April 18, 2008 for the West, Massie (02592) Lease. Respondent was using and maintaining unauthorized pits at Well Nos. 5, 8, 9, 10, 13, 14 and 15. Follow up inspections conducted on October 18, 2012 and March 13, 2013 show unauthorized pits remain open at Well Nos. 5 and 14. Making time out of compliance for the unauthorized pits at Well Nos. 8, 9, 10, 13 and 15 from August 25, 2005 to October 18, 2012.
17. Respondent did not have a permit to dispose of or store oilfield fluids or oil and gas wastes in a pit on the subject lease.

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18. Commission District inspections were conducted on June 8, 2007, November 27, 2007 and January 14, 2008 for the West, Massie (02592) Lease. Well Nos. 1, 6, 7, and 8 have casing and/or tubing open to the atmosphere. The inspection conducted on April 14, 2008 and March 13, 2013 shows Well No. 1 to have an unsecured wellhead. Making time out of compliance for Well Nos. 6, 7, and 8 from June 2007 to April 2008.
19. 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.
20. Commission District inspections conducted on August 25, 2005, May 16, 2006, August 4, 2006, January 25, 2007, February 16, 2007 June 8, 2007, November 27, 2007, January 14, 2008 and April 14, 2008 on the West, Massie (02592) Lease show Well Nos. 14 (632689) and 15 (632691) have been completed with tubing and casing, and Respondent did not file the required completion reports. A follow inspection conducted on October 18, 2012 show Well Nos. 14 and 15 have been assigned to the West, Massie (15140) Lease. A completion report has been filed for Well No. 15 and no completion has been filed for Well No. 14.
21. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject lease and subject wells in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.
22. On March 14, 2013, a Trail Amendment was filed by Reese Copeland reflecting the change of the West, Massie (02592) Lease, Well Nos. 14 (632689) and 15 (632691), to be known as Well Nos. 14 and 15 of the West, Massie (15140) Lease due to a dummy P-4 placing the wells on schedule, effective February 2008.
23. A Form P-4 (Producers Transportation Authority and Certificate of Compliance) for the West, Massie (02592) Lease, Well Nos. 1, 3, 4, 5, 6, 7, 8, 9, 10 and 13 was submitted by Synergy-West Exploration Co., LLC (833652) and approved on April 12, 2013.

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)(2), 13(b)(1)(B), 14(b)(2) and 16(b).

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4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(2), which prohibits a person from maintaining or using any pit for storage of oilfield fluids without a permit. .
5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 13(b)(1)(B), 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 16(b), which requires that the owner, or operator of an oil, gas or geothermal resource well, must within thirty days (30) after the completion of such well, or the plugging of such well, if the well is a dry hole, shall file with the Commission the appropriate completion or plugging report.
7. 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.
8. 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.
9. 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, Douglas E. Renfro, 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. Douglas E. Renfro, Sole Proprietor, Rimfire Land & Cattle Co. (712269), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **THIRTY THOUSAND FIVE HUNDRED DOLLARS (\$30,500.00)**.

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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.

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 September 10, 2013.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated September 10, 2013)

MFE/sa