

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

OIL AND GAS DOCKET NO. 03-0278305

**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY STELLAR
EXPLORATION & PROD., INC. (817306), AS TO THE BROWN "B" (24978) LEASE, WELL NOS.
3 AND 4A, CLAY CREEK FIELD, WASHINGTON COUNTY, TEXAS**

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on December 20, 2012, and that the respondent, Stellar Exploration & Prod., Inc. (817306), 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. Stellar Exploration & Prod., Inc. (817306), ("Respondent"), was given Notice of Opportunity for 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 envelope containing the Original Complaint and the Notice of Opportunity for Hearing, was returned to the Commission marked "return to sender" on October 29, 2012. The certified envelope has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On March 11, 2010, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): William Louis Roney, Jr.; President..
4. William Louis Roney, Jr., 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. Stellar Exploration & Prod., Inc. (817306), Respondent designated itself to the Commission as the operator of Well Nos. 3 and 4A on the Brown "B" (24978) Lease ("subject wells"/"subject lease") by filing a Form P-4 (Producers Transportation Authority and Certificate of Compliance) with the Commission effective on April 1, 2007.
7. Stellar Exploration & Prod., Inc. (817306), Respondent's P-5 (Organization Report) became delinquent on March 1, 2011. Respondent had \$25,000 cash as its financial assurance at the time of its last P-5 renewal.
8. Commission District inspections were conducted on December 29, 2010, February 10, 2011, April 29, 2011, August 21, 2012 and November 15, 2012 for the Brown "B" (24978) Lease, Well Nos. 3 and 4A. The signs or identification required to be posted at Well No. 4A was missing and the sign at the tank battery did not display the required information.
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 of emergency and poses a threat to the public health and safety.
10. According to Commission records, drilling operations were completed on February 13, 2007 for Well No. 3 of the Brown "B" (24978) Lease and December 8, 2008 for Well No. 4A. Commission District inspections were conducted on September 29, 2010, December 29, 2010, February 10, 2011, April 29, 2011 and August 21, 2012 for the Brown "B" (24978) Lease. There was an open drilling pit at Well No. 3 measuring approximately 50' x 15' x 6' deep and at Well No. 4A measuring approximately 120' x 8'. The November 15, 2012 inspection shows the open drilling pit for Well No. 3 is approximately 50' x 10' x 8' and the open pit for Well No. 4A is approximately 100' x 10' x 5'.
11. 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.
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.

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 8(d)(4)(G)(i)(I).

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 8(d)(4)(G)(i)(I), which requires reserve pits and mud circulation pits to be dewatered, backfilled and compacted within one year of cessation of drilling operations.
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, William Louis Roney, Jr., 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. Stellar Exploration & Prod., Inc. (817306), shall place the Brown "B" (24978) Lease, Well Nos. 3 and 4A, Clay Creek Field, Washington County, Texas in compliance with applicable Commission rules and regulations; and
2. Stellar Exploration & Prod., Inc. (817306) shall pay the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty the total amount of **FIVE THOUSAND FIVE HUNDRED DOLLARS (\$5,500.00)**.

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.

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 7th day of May 2013.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated May 7, 2013)

TJJ/sa