

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

OIL AND GAS DOCKET NO. 06-0245374

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY LONGVIEW DISPOSAL (508525), AS TO THE ATKINSON, WILLIE MAE (13536) LEASE, WELL NO. 1, WILLOW SPRINGS (RODESSA) FIELD, GREGG COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on March 2, 2006, and that the respondent, Longview Disposal (508525), failed to appear or respond to the notice. 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. Longview Disposal (508525), ("Respondent") was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent P-5 address on the Form P-5 Organization Report, which was signed and returned to the Commission.
2. The returned certified receipt (green card) that was attached to the Original Complaint and the Notice of Opportunity for Hearing mailed to Respondent's most recent P-5 address was signed and returned to the Commission on December 30, 2005. 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 June 21, 2005, Respondent, a partnership, filed a Form P-5 (Organization Report) with the Commission reporting that its partners consisted of Larry Taylor and Roy Jordan.
4. Larry Taylor, 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. Roy Jordan, 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.
6. The violations of Commission rules committed by respondent are related to safety and the control of pollution.

7. Respondent designated itself to the Commission as the operator of Well No. 1 on the Atkinson, Willie Mae (13536) Lease ("subject well"/"subject lease") by filing a Form P-4 (Producers Transportation of Authority and Certificate of Compliance) with the Commission effective on July 1, 2002.
8. According to Commission records the Respondent's Form P-5 (Organization Report) became delinquent on June 1, 2006. Respondent had a \$25,000.00 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
9. A Commission district office inspection was conducted on June 15, 2005 for the Atkinson, Willie Mae (13536) Lease. All four 400 barrel tanks were full and oil had spilled out of a tank and was free standing on the ground. A June 17, 2005 inspection report indicated that the earlier spill had not been cleaned and that an additional 5 barrels of saltwater and oil had spilled inside the firewall. A follow up inspection report made on July 25, 2005, revealed water and oil inside the firewall with fluids leaking through the firewall. A September 19, 2005 inspection revealed the presence of salt crystals on the ground inside the firewall. In addition, the gun barrel and two tanks were found to be leaking fluids onto the ground. Inspection reports dated September 29, 2005 and October 18, 2005 showed the tanks continued to leak and that a bucket full of oil was spilling over and onto the ground.
10. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
11. 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.
12. A Commission district office inspection was conducted on June 17, 2005 for the Atkinson, Willie Mae (13536) Lease. There was a 3' x 3' x 4' deep pit inside the firewall used to catch saltwater and oil. Follow up inspections on June 22, 2005, July 1, 2005, July 25, 2005, August 30, 2005, September 19, 2005, September 29, 2005 and October 18, 2005 revealed the pit remained and had not been emptied and backfilled.
13. 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.
14. Commission records show that Well No. 1 on the Atkinson, Willie Mae (13536) Lease is a permitted injection well.

15. Commission district office inspections were conducted on June 15, 2005, June 17, 2005, July 1, 2005, July 25, 2005 and October 18, 2005 for the Atkinson, Willie Mae (13536) Lease. The inspections indicate that there was pressure on the casing of Well No. 1. Despite pressure on the casing, Respondent has failed to evaluate by pressure test the mechanical integrity of the well or attempt to locate the source of the pressure or make repairs.
16. The Respondent has not demonstrated good faith since it failed to 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 8(d)(1), 8(d)(2) and 46(j)(1).
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 8(d)(2), which prohibits a person from maintaining or using any pit for storage of oilfield fluids without a permit.
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 46(j)(1), which requires that 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 to meet performance standards.
7. Respondent is responsible for maintaining the subject lease and 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.
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(c).

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, Larry Taylor, 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.
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, Roy Jordan, 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. Longview Disposal (508525), shall place the Atkinson, Willie Mae (13536) Lease, Well No. 1, Willow Springs (Rodessa) Field, Gregg County, Texas in compliance with Statewide Rules 8 and 46 and all other applicable Commission rules and regulations;
2. Longview Disposal (508525), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FOUR THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$4,750.00)**.

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 20th day of June 2006.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated June 20, 2006)

JD/sa