

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

**OIL AND GAS DOCKET NO. 7B-0262188**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY GEER TANK TRUCKS, INC. (298625), AS TO THE GEER LEASE, WELL NO. 1 (099030), E. MINERAL WELLS (CONGL.) FIELD, PALO PINTO COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on September 24, 2009 and that the respondent, Geer Tank Trucks, Inc. (298625) , 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. Geer Tank Trucks, Inc. (298625), ("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 August 6, 2009. 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 May 18, 2009, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Tim Brink, President; Lori Geer Smith, Vice-President; and Ronnie Smith, Vice-President.
4. Tim Brink, 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. Lori Geer Smith, 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. Ronnie Smith, 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.
7. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
8. Respondent designated itself to the Commission as the operator of Well No. 1 (099030) on the Geer Lease ("subject well"/"subject lease") by filing a Form G-1 (Gas Well Completion Report) with the Commission on February 19, 1982.
9. According to Commission records the Respondent's Form P-5 (Organization Report) is active. Respondent has a \$25,000.00 Letter of Credit as its financial assurance.
10. Commission District inspections were conducted on February 20, 2009, February 23, 2009, February 25, 2009, February 26, 2009, March 3, 2009, March 12, 2009, March 19, 2009, March 26, 2009, April 3, 2009, April 10, 2009, May 1, 2009, May 15, 2009, May 22, 2009, May 29, 2009, June 12, 2009, June 25, 2009 and July 10, 2009 for the Geer Lease. There was hydrocarbon and produced water pollution affecting an area 80' x 50' north and east of Well No. 1. The inspection report indicated the produced water pollution traveled down into a stream bank and entered an intermittent stream.
11. Commission District inspections were conducted on February 20, 2009, February 23, 2009, February 25, 2009, February 26, 2009, March 3, 2009, March 12, 2009, March 19, 2009, March 26, 2009, April 3, 2009, April 10, 2009, May 1, 2009, May 15, 2009, May 22, 2009, May 29, 2009, June 12, 2009, June 25, 2009 and July 10, 2009 for the Geer Lease. Produced water pollution entered the intermittent stream and affected approximately 600' of the stream. The stream flows into Lake Mineral Wells. Field tested chlorides at the point of entry and to the south and east indicated the chloride level to be 5300 mg/l.
12. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
13. The unpermitted 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.
14. Commission District inspection reports made on February 20, 2009, February 23, 2009, February 25, 2009, February 26, 2009, March 3, 2009, March 12, 2009, March 19, 2009, March 26, 2009, April 3, 2009, April 10, 2009, May 1, 2009, May 15, 2009, May 22, 2009, May 29, 2009, June 12, 2009, June 25, 2009 and July 10, 2009 for the Geer Lease. Respondent was using and maintaining an unauthorized workover pit. A 21' x 15' x 6' open workover pit existed to the west of Well No. 1, containing produced water from the casing and bradenhead of Well No. 1 flowing into the pit. Field tested chlorides at the pit indicated the chloride level to be 57,200 mg/l.
15. 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.
16. The Geer Lease, Well No. 1 (099030), was permitted as a Commercial disposal well on May

16, 1989 (Permit No. 2979), amended March 22, 2007. Commission District inspection reports made February 20, 2009 and February 23, 2009 indicated the tubing valve in the closed position and the casing valve was open and flowing water into the workover pit at a rate of 1 gallon per minute. The inspection also indicated the bradenhead valve was open and the surface casing appeared to have a hole in the casing below the bradenhead and above the top of cement, or, that a hole was present in the 2 inch connection bradenhead nipple. The leak from the bradenhead or surface casing was allowing produced water to run into the soil, over the top of a plastic liner, and into the workover pit. An active casing leak allowing produced water to flow outside of the casing indicates casing failure and a Commission Form H-5 mechanical integrity test is required to show the failed casing will not cause further pollution.

17. Disposal/Injection wells must pass a pressure test at least once every five years to show that the well is not leaking, that waste is being confined to the permitted injection interval, and that useable quality water zones are properly isolated. Any injection of fluid down a wellbore could be a potential source of pollution. Without testing and supporting documentation, the Commission cannot determine if a well poses a threat to natural resources.
18. The Respondent has not demonstrated good faith since it failed to plug or otherwise place the 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 9(12)(A)&(B).
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 and well in compliance with Statewide Rule 9(12) which requires the mechanical integrity of a disposal well to be evaluated by conducting pressure tests to determine whether the well tubing, packer or casing have sufficient mechanical integrity to meet the performance standards of Statewide Rule 9.
7. 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.
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, Tim Brink, 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, Lori Geer Smith, and any other organization in which she 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.

11. 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, Ronnie Smith, 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. Geer Tank Trucks, Inc. (298625) , shall place the Geer Lease, Well No. 1 (099030), E. Mineral Wells (Congl.) Field, Palo Pinto County, Texas in compliance with applicable Commission rules and regulations; and
2. Geer Tank Trucks, Inc. (298625), shall assess or pay the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **THREE THOUSAND SEVEN HUNDRED DOLLARS (\$3,700.00)**.

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. GOVT. 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 24th day of November 2009.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated November 24, 2009)

JD/sa