

**RAILROAD COMMISSION OF TEXAS
HEARINGS SECTION**

OIL AND GAS DOCKET NO. 7B-0282741

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY JONES, CLAUDE, SOLE PROPRIETOR, J.W.S. (427277), AS TO THE SHIELD, ELGEAN, MRS. (09883) LEASE, WELL NO. 1, COLEMAN COUNTY REGULAR FIELD, COLEMAN COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on December 12, 2013, and that the respondent, Jones, Claude, Sole Proprietor, J.W.S. (427277), 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. Jones, Claude, Sole Proprietor, J.W.S. (427277), ("Respondent"), was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address, which was received by the Respondent.
2. The certified envelope containing the Original Complaint and the Notice of Opportunity for Hearing, mailed to Respondent's most recent P-5 address, was delivered to the Respondent on October 19, 2013. The certified return envelope electronic receipt has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On November 1, 2012, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its sole proprietor consisted of the following individual(s): Claude Jones, Sole Proprietor.
4. Claude Jones, 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.

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5. Jones, Claude, Sole Proprietor, J.W.S. (427277), Respondent, designated itself to the Commission as the operator of Well No. 1 on the Shield, Elgean, Mrs. (09883) Lease ("subject well"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on January 1, 2008.
6. Jones, Claude, Sole Proprietor, J.W.S. (427277), Respondent's P-5 (Organization Report) became delinquent on October 1, 2013. Respondent had a \$50,000 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
7. Commission District inspections were conducted on October 11, 2012 and November 26, 2012 for the Shield, Elgean, Mrs. (09883) Lease. There was hydrocarbon soaked soil on the west side of the 210 barrel tank affecting a 40' x 12' area. Hydrocarbon stained vegetation and hydrocarbon soaked soil southeast of plugged Well No. 1 is affecting a 100' x 50' area, and hydrocarbon stained vegetation and hydrocarbons soaked soil running through the fence line and onto the Smiley property affecting a 300' x 300' area. A subsequent inspection made on April 11, 2013 shows the hydrocarbon soaked soil remains at the 210 barrel tank and on the Smiley property, in addition to a new 10' x 10' area of hydrocarbon soaked soil east of the affected area by the oil tank. The inspection of November 4, 2013 show the hydrocarbon soaked soil on the west side of the 210 barrel tank remains, with depths ranges from 3" to 2"; and that the 10' x 10' area remains, with the 300 x 300' running onto the Smiley property has been weathered away.
8. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
9. 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.
10. According to Commission records, Well No. 1 of the Shield, Elgean, Mrs (09883) Lease was plugged on October 2, 2012. A Commission District inspection report made on April 11, 2013 indicates various flow lines, assorted trash and wire remain and have not been removed from the lease. A inspection on November 4, 2013 shows the junk remains.
11. The Respondent has not demonstrated good faith since it failed to timely place the subject lease in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.
12. Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 7B-0267693; and
Docket No. 03-0263887.

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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) and 14(d)(12).
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 14(d)(2), which requires that the operator shall fill the rathole, mouse hole, and cellar, and shall empty all tanks, vessels, related piping and flowlines that will not be actively used in the continuing operation of the lease within 120 days after plugging work is completed.
6. Respondent is responsible for maintaining the subject lease 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, Claude Jones, 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.

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

1. Jones, Claude, Sole Proprietor, J.W.S. (427277), shall place the Shield, Elgean, Mrs (09883) Lease, Well No. 1, Coleman County Regular Field, Coleman County, Texas in compliance with applicable Commission rules and regulations; and
2. Jones, Claude, Sole Proprietor, J.W.S. (427277), shall pay the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty the total amount of **THIRTY SIX THOUSAND ONE HUNDRED SEVENTY FOUR DOLLARS (\$36,174.00)**.

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 8th day of July 2013.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated July 8, 2013)

TJJ/sa