

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 6E-0277267

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY BELL, JOHN F., SOLE PROPRIETOR, GLADE OPERATING CO. (307603), AS TO THE FARRELL, J.M. (06213) LEASE, WELL NOS. 4 AND 8, AND THE CORBIN, ROSA (08467) LEASE, WELL NOS. 1, 2, 3, 4, 5, 6, 7, 8 AND 10, EAST TEXAS FIELD, GREGG COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on April 24, 2014, and that the respondent, Bell, John F., Sole Proprietor, Glade Operating Co. (30703), failed to appear or respond to the Amended 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. Bell, John F., Sole Proprietor, Glade Operating Co. (307603), ("Respondent"), was given Amended Notice of Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The certified envelope containing the Original Complaint and the Amended Notice of Hearing, was delivered and signed for on March 5, 2014. The electronic receipt is included in the file and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On May 27, 2011, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its sole proprietor consisted of the following individual(s): Bell, John F.
4. Bell, John F., 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.

OIL AND GAS DOCKET NO. 6E-0277267

6. Respondent designated itself to the Commission as the operator of Well Nos. 4 and 8 on the Farrell, J.M. (06213) Lease and Well Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 10, and the Corbin, Rosa (08467) Lease ("subject wells"/"subject leases") by filing P-4 Forms (Producers Transportation Authority and Certificate of Compliance) effective on April 1, 2002 for Well Nos. 4 and 8 on the Farrell, J.M. (06213) Lease and November 16, 2000 for Well Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 10, on the Corbin, Rosa (08467) Lease.
7. Respondent's P-5 (Organization Report) became delinquent on November 1, 2012. Respondent had \$50,000 cash as its financial assurance at the time of its last P-5 renewal.
8. Production from Well Nos. 4 and 8 on the Farrell, J.M. (06213) Lease ceased in October 1999.
9. Production from Well Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 10 on the Corbin, Rosa (08467) Lease ceased in March 1998.
10. The Statewide 14b2 plugging extensions for Well Nos. 4 and 8 on the Farrell, J.M. (06213) Lease were denied on October 31, 2002 for an inactive P-5 status.
11. The Statewide 14b2 plugging extensions for Well Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 10 on the Corbin, Rosa (08467) Lease were denied on October 26, 2002 for H-15's not being filed and an inactive P-5 status.
12. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
13. Usable quality groundwater in the area 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 probability of pollution.
14. The total estimated cost to the State for plugging Well Nos. 4 and 8 on the Farrell, J.M. (06213) Lease is \$59,600.00.
15. The total estimated cost to the State for plugging Well Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 10 on the Corbin, Rosa (08467) Lease is \$170,100.00.
16. Commission District inspections were conducted on July 18, 2011, October 19, 2011, February 3, 2012, April 18, 2012, October 5, 2012 and February 5, 2014 for the Farrell, J.M. (06213) Lease. The signs or identification required to be posted at Well Nos. 4 and 8 display incorrect information and are illegible at the tank battery.
17. Commission District inspections were conducted on July 20, 2011, September 12, 2011, November 22, 2011, February 8, 2012, September 17, 2012 and February 3, 2014 for the Corbin, Rosa (08467) Lease. The signs or identification required to be posted at each well site were missing from Well Nos. 3, 4, 5, 7 8 and 10.

OIL AND GAS DOCKET NO. 6E-0277267

18. 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 or emergency and poses a threat to the public health and safety.
19. Commission District inspections were conducted on July 18, 2011, October 19, 2011, February 3, 2012, April 18, 2012 and October 5, 2012 for the Farrell, J.M. (06213) Lease. Oil saturated soil was around the wellhead at Well No. 8 and within the firewall. A follow up inspection conducted on February 5, 2014 indicates that the oil saturated soil around the wellhead at Well No. 8 has been cleaned up. The time out of compliance for pollution around the wellhead at Well No. 8 is from October 19, 2011 to February 5, 2014. However, the soil saturated soil remains inside the firewall.
20. Commission District inspections were conducted on July 20, 2011, September 12, 2011, November 22, 2011 and February 8, 2012 for the Corbin, Rosa (0847) Lease. The horizontal separator at the tank battery was leaking oil onto the ground. Commission inspections conducted on September 17, 2012 and February 3, 2014 indicates the oil saturated soil remains at the separator, and that the vessel still has a slow leak.
21. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
22. 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.
23. Commission District inspections were conducted on July 18, 2011, October 19, 2011, February 3, 2012, April 18, 2012 and October 5, 2012 for the Farrell, J.M. (06213) Lease. The vegetation exists within the firewall at the tank battery. A followup inspection conducted on February 5, 2014 indicates the vegetation has been cleaned up from inside the firewall, making time out of compliance from July 18, 2011 to February 5, 2014.
24. Commission District inspections were conducted on July 20, 2011, September 12, 2011, November 22, 2011, February 8, 2012, September 17, 2012 and February 3, 2014 for the Corbin, Rosa (08467) Lease. The bradenheads on Well Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 10 are not plumbed to the surface thereby making it impossible to ascertain if pressure is developing between any two strings of casing on the wells.
25. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject leases 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.

OIL AND GAS DOCKET NO. 6E-0277267

26. Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 6E-0254591; Final Order Served: October 22, 2009;
Docket No. 6E-0260807; Final Order Served: September 22, 2010.

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, 8(d)(1), 14(b)(2), 17(a) and 21(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)(1), which prohibits the discharge of oil and gas wastes without a permit.
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 17(a), which requires that all wells shall be equipped with a Bradenhead.
7. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 21(i), which requires that fire walls must be erected and kept around all permanent oil tanks, or battery of tanks, that are within the corporate limits of any city.
8. Respondent is responsible for maintaining the subject leases 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.
9. 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.

OIL AND GAS DOCKET NO. 6E-0277267

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, John F. Bell, 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. Bell, John F., Sole Proprietor, Glade Operating Co. (307603) , shall plug the Farrell, J.M. (06213) Lease, Well Nos. 4 and 8, and the Corbin, Rosa (08467) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, and 10, East Texas Field, Gregg County, Texas in compliance with applicable Commission rules and regulations; and
2. Bell, John F., Sole Proprietor, Glade Operating Co. (307603), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **THIRTY SEVEN THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$37,750.00)**.

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.

OIL AND GAS DOCKET NO. 6E-0277267

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 9th day of December 2014.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated December 9, 2014)

TJJ/sa