

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 09-0290411

**THE ENFORCEMENT ACTION AGAINST PGI OPERATING, LLC (OPERATOR NO. 630825)
FOR VIOLATIONS OF STATEWIDE RULES ON THE WAGGONER, T.J. & J.L. -C- (RRC LEASE
NO. 16543) LEASE, WICHITA COUNTY REGULAR FIELD, WICHITA COUNTY, TEXAS**

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on May 28, 2015, and that the Respondent, PGI Operating, LLC (Operator No. 630825), 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. PGI Operating, LLC (Operator No. 630825), (“Respondent”), was given Notice of Opportunity for 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 Notice of Opportunity for Hearing, was signed for on April 15, 2015. 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 August 6, 2014, Respondent, a Limited Liability Company, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Soegardjito Sosromihardjo & Masmarijanto Soedarsono, Mangagers.
4. Soegardjito Sosromihardjo & Masmarijanto Soedarsono were 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. Respondent designated itself to the Commission as the Operator of the Waggoner, T.J. & J.L. -C- Lease (RRC Lease No. 16543) by filing a P-4 Form (Producers Transportation Authority and Certificate of Compliance) effective on October 1, 2008.
7. Respondent’s P-5 (Organization Report) became delinquent on August 6, 2015. Respondent had a \$50,000 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
8. Commission District inspection reports were conducted on May 14, 2013, May 29, 2013 and June 24, 2013 for the Waggoner, T.J. & J.L. -C- (RRC Lease No. 16543) Lease. The reports indicated that the Operator/Respondent had disposed of oil and gas waste by discharging onto the land surface in a dry gully, at the storage facility, at an abandoned storage facility, at the water facility and an area

where a pit was backfilled without removing the oil and gas waste.

9. No permit has been issued to PGI Operating, LLC (Operator No. 630825) for the discharge of oil and gas wastes on or from the subject leases.
10. 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.
11. Respondent did not have a permit for said discharges, nor were they authorized under Statewide Rule 8(d)(3) or 8(e), or under Statewide Rule 9, 46, or 98. By discharging of oil and gas waste without a proper permit, Respondent violated Statewide Rule 8(d)(1) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE §3.8(d)(1)].
12. The unpermitted discharges of oil and gas waste can contaminate the land surface, affect the health of humans and animals, and may eventually be discharged to surface or subsurface waters, causing pollution and a serious hazard to public health and safety.
13. The respondent has a prior history of Commission Rule violations for the following docket: Docket No. 7B-0278465: Agreed Order signed on June 13, 2013.

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).
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 waste without a permit.
5. 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.
6. 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.
7. 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, Soegardjito Sosromihardjo, 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.

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, Masmarijanto Sosromihardjo, 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. PGI Operating, LLC (Operator No. 630825), shall place the Waggoner, T.J. & J.L. -C- (RRC Lease No. 16543) Lease, Wichita County Regular Field, Wichita County, Texas, in compliance with applicable Commission Rules and regulations; and
2. PGI Operating, LLC (Operator No. 630825), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SEVEN THOUSAND NINE HUNDRED THIRTEEN DOLLARS (\$7,913.00)**.

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 25th day of August 2015.

RAILROAD COMMISSION OF TEXAS

**(Signatures affixed by Default Master Order
dated August 25, 2015)**

LMV/rnf