

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 02-0271504**

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**ENFORCEMENT ACTION AGAINST BILLY MAYES, SOLE PROPRIETOR, PROPERTY PRODUCING CO. (OPERATOR NO. 681462) FOR VIOLATIONS OF STATEWIDE RULES ON THE HARTT, JAMES LEASE, WELL NO. 2 (RRC ID NO. 061605), PHILLIPS-MEAD (MIOCENE 1850) FIELD, LAVACA COUNTY; AND HARTT, J. LEASE, WELL NO. 1 (RRC ID NO. 089037), PROVIDENT CITY (YEGUA 5400) FIELD, LAVACA COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the Administrative Law Judge on October 15, 2015 and that the respondent, Billy Mayes, sole proprietor of Property Producing Co. (Operator No. 681462), 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. Billy Mayes, sole proprietor of Property Producing Co. (Operator No. 681462), (“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 mail envelope sent to the P-5 address, containing the Original Complaint and the Notice of Opportunity for Hearing was returned to the Commission marked “unclaimed” on September 25, 2015. The certified mail envelope is included in the file and has been on file with the Commission for at least 15 days, exclusive of the day of receipt and day of issuance. No first class mail has been returned.
3. On October 6, 2011, Respondent, a sole proprietorship, filed a Form P-5 (Organization Report) with the Commission reporting Billy Mayes, as the Owner.
4. Billy Mayes was in a position of ownership or control of Respondent, as defined in section 91.114 of the Texas Natural Resources Code, during the time period of the violations of Commission rules committed by Respondent.
5. Respondent’s P-5 (Organization Report) is currently delinquent. Respondent had a \$25,000 letter of credit as its financial assurance at the time he became delinquent.

6. The violations of Commission rules committed by Respondent are related to safety and the control of pollution.
7. Respondent designated Property Producing Co. to the Commission as the operator of the Hartt, James Lease, Well No. 2 (RRC ID No. 061605), Phillips-Mead (Miocene 1850) Field, Lavaca County, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective February 1, 1993, approved May 10, 1993. Respondent designated itself as the operator of the Hartt, James Lease, Well No. 1 (RRC ID No. 089037), Provident City (Yegua 5400) Field, Lavaca County, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective February 1, 1993, approved May 10, 1993.
8. A Commission District inspection report made on January 4, 2010 for the Hartt, James Lease, Well No. 1 (RRC ID No. 089037), shows that the sign or identification required by Statewide Rule 3(1), [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.3(1)] to be posted at the lease entrance was missing.
9. A Commission District inspection report made on January 4, 2010 for the Hartt, J. Lease, Well No. 2 (RRC ID No. 061605) shows that the sign or identification required by Statewide Rule 3(1), [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.3(1)] to be posted at the lease entrance was missing.
10. Failure to properly identify a lease by the posting of the sign required by Statewide Rule 3(1) has the potential for causing confusion and delay in remedying a violation or emergency and poses a threat to the public health and safety.
11. A Commission District inspection report made on January 4, 2010, and either reports filed by Respondent with the Commission reflecting zero production, or the absence of production reports being filed with the Commission since February 2004, show the Hartt, J. Lease, Well No. 2 (RRC ID No. 061605) has been inactive for a period greater than one year. Production from this well ceased in March 2004.
12. Commission inspection reports completed on January 4, 2010, and either reports filed by Respondent with the Commission reflecting zero production, or the absence of production reports being filed with the Commission, since May 1996, show the Hartt, James Lease, Well No. 1 (RRC ID No. 089037) has been inactive for a period greater than one year. Production from this well ceased in June 1996.
13. No work-overs, re-entries, or subsequent operations have taken place on the subject wells within the last twelve months; none of the subject wells have been properly plugged in accordance with Statewide Rule 14 [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.14]; no plugging extensions are in effect for any of the subject wells as allowed by Statewide Rule 14 [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.14]. The subject wells are not

- otherwise in compliance with Statewide Rule 14 [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.14].
14. Usable quality groundwater in the area may become 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 potential of pollution.
  15. The total estimated cost to the State for plugging the Hartt, J. Lease, Well No. 2 (RRC ID No. 061605) is \$10,300.00, and for plugging the Hartt, James Lease, Well No. 1 (RRC ID No. 089037) is \$18,300.00.
  16. Commission records indicate no Form H-15 (Test On An Inactive Well More Than 25 Years Old) has been filed and approved for the Hartt, James Lease, Well No. 2 (RRC ID No. 061605) as required by Statewide Rule 14(b)(3) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.14(b)(3)]. The well was completed on January 16, 1975, and an H-15 test was due in May 2006. The well has not been plugged.
  17. Commission records indicate no Form H-15 (Test On An Inactive Well More Than 25 Years Old) has been filed and approved for the Hartt, J. Lease, Well No. 1 (RRC ID No. 089037) as required by Statewide Rule 14(b)(3) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.14(b)(3)]. The well was completed on July 11, 1980, and an H-15 test was due in January 2009. The well has not been plugged.
  18. A violation of Statewide Rule 14(b)(3) is serious and a hazard to the public health and safety because wells over twenty-five years old may develop holes or leaks in the casing, allowing oil or saltwater to communicate with usable quality water zones or to flow to the surface.
  19. Respondent has no prior history of violations of Commission rules.

### **CONCLUSIONS OF LAW**

1. Proper notice was issued by the Railroad Commission to Respondent and all other appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties have been performed or have occurred.
3. Respondent is responsible for maintaining the subject lease in compliance with all applicable Commission rules and chapters 89 and 91 of the Texas Natural Resources Code.
4. Respondent is in violation of Statewide Rules 3(1), 14(b)(2) and 14(b)(3).

5. The documented violations committed by Respondent constitute acts deemed serious, and a hazard to the public health, and demonstrate a lack of good faith pursuant to TEX. NAT. RES. CODE § 81.0531(c).
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 3(1) which requires that for 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 facilities, a sign shall be posted at the principal entrance which shall show the name by which the property is carried on the records of the Commission, the name of the operator, and the number of acres in the property.
7. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14(b)(2), which requires that plugging operations on each dry or inactive well shall be commenced within a period of one year after drilling or operations cease and shall proceed with due diligence until completed.
8. Respondent is responsible for maintaining the subject leases in compliance with Statewide Rule 14(b)(3), which requires the operator of any well more than 25 years old that becomes inactive to plug the well or successfully conduct a fluid level or hydraulic pressure test establishing that the well does not pose a potential threat of harm to natural resources, including surface and subsurface water, oil and gas.
9. An assessed administrative penalty in the amount of EIGHT THOUSAND FIVE HUNDRED DOLLARS (\$8,500.00) is justified by the facts and violations at issue.
10. As a person in a position of ownership or control of Billy Mayes, sole proprietor of Property Producing Co., at the time Billy Mayes, sole proprietor of Property Producing Co., violated Commission rules related to safety and the control of pollution, Billy Mayes, and any other organization in which he may hold a position of ownership or control, are subject to the restriction in section 91.114 of the Texas Natural Resources Code.

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

1. Billy Mayes, sole proprietor of Property Producing Co. (RRC ID No. 681462), shall place the Hartt, James Lease, Well No. 2 (RRC ID No. 061605), Phillips-Mead (Miocene 1850) Field, Lavaca County, Texas in compliance with Statewide Rules 3(1), 14(b)(2) and 14(b)(3), and any other applicable Commission rules and statutes.
2. Billy Mayes, sole proprietor of Property Producing Co. (RRC ID No. 681462), shall place the Hartt, J. Lease, Well No. 1 (RRC ID No. 089037), Provident City (Yegua 5400) Field, Lavaca County, Texas in compliance with Statewide Rules 3(1), 14(b)(2) and 14(b)(3), and any other applicable Commission rules and statutes.

3. Billy Mayes, sole proprietor of Property Producing Co. (Operator No. 681462), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of EIGHT THOUSAND FIVE HUNDRED DOLLARS (\$8,500.00).

It is further **ORDERED** that as a person in a position of ownership or control of Billy Mayes, sole proprietor of Property Producing Co. at the time Billy Mayes, sole proprietor of Property Producing Co. violated Commission rules related to safety and the control of pollution, Billy Mayes, and any other organization in which he may hold a position of ownership or control, shall be subject to the restriction in section 91.114 of the Texas Natural Resources Code for a period of no more than seven years from the date the order entered in this matter becomes final, or sooner, if 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.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 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 of the notice is actually mailed. If a timely motion for rehearing of an application 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 this order in accordance with TEX. GOV'T CODE § 2001.144.

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 3<sup>rd</sup> day of May, 2016.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order  
dated May 3, 2016)

JNC / rnf