

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 05-0295349

ENFORCEMENT ACTION AGAINST ZIEGENHAGEN, WILLIAM L. (950727) FOR VIOLATIONS OF STATEWIDE RULES ON THE HERVEY (00454) LEASE, WELLS 1 & 6, CORSICANA (SHALLOW) FIELD, NAVARRO COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on May 14, 2015 and that the respondent, Ziegenhagen, William L. (950727), 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. Ziegenhagen, William L. (950727), ("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 returned marked "unclaimed" on March 23, 2015 and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On July 22, 2008, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): William L. Ziegenhagen.
4. William L. Ziegenhagen was a person in a position of ownership or control of respondent, as defined by Texas Natural Resource Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
5. Respondent designated itself to the Commission as the operator of Well Nos. 1 and 6 on the Hervey (00454) Lease ("subject wells"/"subject lease") by filing a Form P-4 (Producers Transportation Authority) effective on July 22, 2008.
6. Respondent's P-5 (Organization Report) became delinquent on July 1, 2009. Respondent had \$3,400 cash as its financial assurance at the time of its last P-5 renewal.
7. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
8. Commission District inspections were conducted on March 25, 2013 and December 18,

OIL AND GAS DOCKET NO. 05-0295349

2012 for the Hervey (00454) Lease. The sign or identification required to be posted at the lease entrance was missing. The signs or identification at the wells were missing. The sign or identification at the tank battery was missing.

9. 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.
10. Commission District inspections reports made on March 25, 2013 and December 18, 2012 for the Hervey (00454) Lease showed that the Hervey (00454) Lease, Well 1 & 6 have been inactive for a period greater than one year.
11. Production from the subject wells ceased ~~on or before~~ October 1, 2003.
12. No plugging extensions are in effect for any of the subject wells as allowed by Statewide Rule 14.
13. The total estimated cost to plug well nos. 1 and 6 on the Hervey (00454) Lease is \$5,200.00.
14. Commission District inspections reports made on March 25, 2013 and December 18, 2012 for the Hervey (00454) Lease showed that the Hervey (00454) Lease had no firewall present around the tank battery.
15. Usable quality groundwater in the area is likely to be contaminated by migration or discharges of saltwater and other oil & gas wastes from the subject well. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the probability of pollution.
16. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject lease 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.

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, 14(b)(2) and 21(j).
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 resources well and tank, or other approved crude oil measuring facility shall post signs or identification.

OIL AND GAS DOCKET NO. 05-0295349

5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14 (b)(2), which states 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 unless the Commission or its delegate approves a plugging extension under §3.15 of this title
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 21(j), which requires that dikes or firewalls be erected and kept around all permanent oil tanks or battery tanks that are within the corporate limits of any city, town or village or where such tanks are closer than 500 feet to any highway or inhabited dwelling or closer than 1,000 feet to any school or church, or where such tanks are located as to be deemed by the Commission to be an objectionable hazard.
7. Respondent is responsible for maintaining the subject lease 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.
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.
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, William L. Ziegenhagen, 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.

OIL AND GAS DOCKET NO. 05-0295349

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

1. Ziegenhagen, William L. (950727), shall plug the Hervey (00454) Lease, Well Nos.1 and 6, Corsicana (Shallow) Field, Navarro County, Texas in compliance with applicable Commission rules and regulations; and
2. Ziegenhagen, William L. (950727), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **ELEVEN THOUSAND ONE HUNDRED SEVENTY-EIGHT DOLLARS (\$11,178.00)**.

It is further ORDERED by the Commission that this order shall not be final and effective until 25 days after the Commission's Order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code §2001.146(e). 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 Commission Order is signed.

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 15th of December 2015.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated December 15, 2015)