

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 06-0297982**

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**ENFORCEMENT ACTION AGAINST BECKVILLE DISPOSAL OPERATIONS, LLC (OPERATOR NO. 061544) FOR VIOLATIONS OF STATEWIDE RULES ON THE CRAWFORD ESTATE OIL UNIT LEASE (LEASE ID NO. 13547), PIT PERMIT NO. P00011714, PINEHILL, SE (PETTIT LO) FIELD, PANOLA COUNTY, TEXAS**

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**FINAL ORDER**

The Railroad Commission of Texas (“Commission”) finds that after statutory notice the captioned enforcement proceeding was heard by a Commission Administrative Law Judge on March 31, 2016 and that the respondent, Beckville Disposal Operations, LLC, 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, 16 TEX. ADMIN. CODE § 1.49, and after being duly submitted to the Commission at a conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. Beckville Disposal Operations, LLC (“Respondent”), Operator No. 061544, was sent the Original Complaint and Notice of Opportunity for Hearing by certified and first class mail, addressed to the most recent Commission Form P-5 (Organization Report) (“Form P-5”) address. Respondents’ officer as identified on the Form P-5, Jeffery G. Derosia, was sent the Original Complaint and Notice of Opportunity for Hearing by certified and first class mail, addressed to his last known address.
2. The certified mail envelope containing the Original Complaint and the Notice of Opportunity for Hearing was received by the Respondent on January 29, 2016. The certified mail envelope sent to Jeffery G. Derosia was returned to the Commission on February 24, 2016. The first class mail was not returned. Record of the delivery and return of certified mail has been on file with the Commission for more than 15 days, exclusive of the day of receipt and day of issuance. Respondent was given more than 30 days’ notice of the Original Complaint and Notice of Opportunity for Hearing. Respondent has not entered into an agreed settlement order, filed an answer, or requested a hearing.
3. On February 3, 2015, Respondent, a limited liability company, filed a Form P-5 with the Commission reporting that its officers consist of the following individual: Jeffrey G. Derosia, Managing Member.

4. Jeffrey G. Derosia 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 Form P-5 is delinquent. Respondent had a \$25,000 cash deposit as its financial assurance at the time of the last Form P-5 annual renewal submission.
6. The violations of Commission rules committed by Respondent are related to safety and the control of pollution.
7. Respondent designated itself to the Commission as the operator of the Crawford Estate Oil Unit Lease (Lease ID No. 13547), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), submitted January 14, 2011, approved January 14, 2011.
8. Commission inspection reports made on January 6, 2015, January 26, 2015, February 9, 2015, and March 24, 2015 show four locations where waste was entering the Caney Creek from the Crawford Estate Oil Unit Lease.
9. Discharges, in violation of Statewide Rule 8(b), reduce the available supplies of usable fresh water and reduce the quality of the affected water.
10. Commission inspection reports made on January 6, 2015, February 13, 2015, March 24, 2015, May 4, 2015, July 7, 2015 and August 18, 2015 showed six violations of Statewide Rule 8(d)(1). The following were found on the premise: an unpermitted pit area containing 67,500 sq. ft., an unpermitted pit area containing 4,500 sq. ft., a contaminated area located on the south end of the facility containing 292,500 sq. ft., a contaminated area around permitted pit measuring 15,000 sq. ft., contaminated area located across the roadway on the south side of the facility measuring 5,000 sq. ft., and a pile of contaminated soil west of the pit measuring 1,500 sq. ft.
11. Respondent did not have a permit for said discharges, nor were they authorized under Statewide Rules 8(d)(3), 8(e), 9, 46 or 98.
12. Unpermitted discharges of oil and gas waste, in violation of Statewide Rule 8(d)(1), can contaminate the land surface, affect the health of humans and animals, and may eventually be discharged to surface or subsurface waters, causing pollution.
13. Commission inspection reports made on January 6, 2015, March 24, 2015, May 4, 2015, July 7, 2015 and August 18, 2015 show two unpermitted pit areas measuring 67,500 sq. ft. and 4,500 sq. ft.; Respondent was using and maintaining unauthorized storage or disposal pits.

14. Continued maintenance of unpermitted pits, in violation of Statewide Rule 8(d)(2), may result in unpermitted discharges of oil and gas waste which can contaminate the land surface, affect the health of humans and animals, and may be discharged to surface or subsurface waters, causing pollution.
15. Respondent has no prior history of violations of Commission rules.

### CONCLUSIONS OF LAW

1. Proper notice was issued by the 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 8(b), 8(d)(1), and 8(d)(2). 16 TEX. ADMIN. CODE §§ 3.8(b), 3.8(d)(1) and 3.8(d)(2).
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 8(b), which prohibits person from conducting activities subject to regulation by the Commission which causes or allows pollution of surface or subsurface water in the state.
7. Respondent is responsible for maintaining the subject leases in compliance with Statewide Rule 8(d)(1), which prohibits the discharge of oil and gas waste without a permit.
8. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(2), which requires that pits not otherwise authorized by rule, be permitted.
9. Pursuant to TEX. NAT. RES. CODE § 81.0531, the Commission may assess administrative penalties against Respondent for the subject violations of up to \$10,000 per day for each violation, with each day such violations continued constituting a separate violation.
10. An assessed administrative penalty in the amount of TWO HUNDRED NINETY-SIX THOUSAND NINE HUNDRED FIFTY DOLLARS (\$296,950.00) is justified considering the facts and violations at issue.

11. 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, Jeffrey G. Derosia, and any other organization in which he may hold a position of ownership or control, are subject to the restriction in section 91.114(a)(2) 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. Beckville Disposal Operating, LLC shall place the Crawford Estate Oil Unit Lease in compliance with Statewide Rules 8(b), 8(d)(1), and 8(d)(2), and any other applicable Commission rules and statutes.
2. Beckville Disposal Operating, LLC shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWO HUNDRED NINETY-SIX THOUSAND NINE HUNDRED FIFTY DOLLARS (\$296,950.00)**.

It is further **ORDERED** that 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, Jeffery G. Derosia 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(a)(2) 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 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.

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 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 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 24<sup>th</sup> day of August, 2016.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order  
dated August 24, 2016)

JNC/rmf