**RAILROAD COMMISSION OF TEXAS**
**HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 7C-0296987**

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**ENFORCEMENT ACTION AGAINST TRIPP & SONS, LLC (OPERATOR NO. 870481) FOR VIOLATIONS OF STATEWIDE RULES ON THE SAPP-DEAN H.T. LEASE (LEASE ID NO. 00985), WELL NOS. 1D AND 2, MCCAMEY FIELD, CRANE 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 July 28, 2016 and that the respondent, Tripp & Sons, LLC, 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, 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. Tripp & Sons, LLC ("Respondent"), Operator No. 870481, was sent the First Amended Original Complaint and Amended Notice of Hearing by certified and first class mail, addressed to the most recent Commission Form P-5 (Organization Report) ("Form P-5") address. Respondents' officers and agents as identified on the Form P-5—Monroe R. Tripp, Jr. and Kendra J. Tripp—were each sent the First Amended Original Complaint and Amended Notice of Hearing by certified and first class mail, addressed to their last known address.

2. The United States Postal Service was unable to locate the delivery information for the certified mail envelope containing the First Amended Original Complaint and Amended Notice of Hearing addressed to Respondent but indicates an expected delivery date of June 20, 2016. The certified mail envelope was received by Monroe R. Tripp, Jr. on June 20, 2016. The certified mail envelope addressed to Kendra J. Tripp, was returned to the Commission on July 15, 2016. No first class mail was 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 First Amended Original Complaint and Amended Notice of Hearing. Respondent has not entered into an agreed settlement order, filed an answer, or requested a hearing.

3. On January 6, 2015, Respondent, a limited liability company, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Monroe R. Tripp, Jr., Manager; and Kendra J. Tripp, Secretary/Treasurer.

4. Monroe R. Tripp, Jr. 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. Kendra J. Tripp 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.

6. Respondent's Form P-5 is delinquent. Respondent had a $50,000 bond as its financial assurance at the time of the last Form P-5 annual renewal submission.

7. The violations of Commission rules committed by Respondent are related to safety and the control of pollution.

8. Respondent designated itself to the Commission as the operator of the Sapp-Dean H.T. Lease (Lease ID No. 00985), Well Nos. 1D and 2, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective January 1, 2014, approved January 30, 2014.

9. Commission inspection reports made on January 29, 2014, March 6, 2014, April 21, 2014, November 20, 2014, April 7, 2015, April 21, 2015, and May 17, 2016 for the Sapp-Dean H.T. Lease show that the signs or identification required to be posted at Well Nos. 1D and 2 displayed incorrect information.

10. The lack of legible signs and identification displaying correct information, as set forth in Statewide Rule 3(2), may cause confusion as to the responsible operator to be contacted and the actual location of the violation or emergency, which can result in delays in remedying a violation or emergency.

11. Commission inspection reports made on January 29, 2014, March 6, 2014, April 21, 2014, November 20, 2014, April 7, 2015, April 21, 2015, and May 17, 2016, and either reports filed by Respondent with the Commission reflection zero production/injection, or the absence of production/injection reports filed by Respondent with the Commission since becoming the operator in January 2014, show the Sapp-Dean H.T. Lease Well Nos. 1D and 2 have been inactive for a period greater than one year. Production from Well No. 2 ceased prior to January 1993 and injection into Well No. 1D ceased in May 1991.

12. No work-overs, re-entries, or subsequent operations have taken place on any of the subject wells within the last twelve months; none of the subject wells have been properly plugged in accordance with Statewide Rule 14, 16 TEX. ADMIN. CODE § 3.14; and no

plugging extensions are in effect for any of the subject wells as allowed by Statewide Rule 14. The subject wells 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, in violation of Statewide Rule 14(b)(2), constitute a cognizable threat to the public health and safety because of the potential of pollution.

14. The total estimated cost to the State for plugging the Sapp-Dean H.T. Lease Well Nos. 1D and 2 is $21,452.00 (Well No. 1D at $12,186.00 and Well No. 2 at $9,266.00.)

15. According to Commission records, the Sapp-Dean H.T. Lease Well Nos. 1D, an injection well, was due a pressure test by December 30, 2012 and Respondent has failed to conduct the required test.

16. Disposal/injection wells must pass a pressure test at least once every five years, or as required by permit, to show that the well is not leaking, the waste is being confined to the permitted injection interval, and that the usable quality water zones are properly isolated. Any injection of fluid down a wellbore could be a potential source of pollution. Without testing and supporting documentation, as required by Statewide Rule 46(j), the Commission cannot determine if a well poses a threat to natural resources.

17. 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 3(2), 14(b)(2), and 46(j). 16 TEX. ADMIN. CODE §§ 3.3(2), 3.14(b)(2), and 3.46(j).

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(2), which requires that each well site that produces oil, gas, or geothermal resources shall post signs or identification showing the name of the property, name of the operator and the well number.

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, unless the operator is eligible for and obtains an extension of the plugging deadline.

8. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 46(j), which requires a passing mechanical integrity test every five years.

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 FOURTEEN THOUSAND SEVEN HUNDRED FORTY-SIX DOLLARS ($14,746.00.) is justified considering the facts and violations at issue.

11. As persons in a position of ownership or control of Respondent at the time Respondent violated Commission rules related to safety and the control of pollution, Monroe R. Tripp, Jr. and Kendra J. Tripp, and any other organization in which either or both 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. Tripp & Sons, LLC shall plug the the Sapp-Dean H.T. Lease, Well Nos. 1D and 2, and place the lease in compliance with Statewide Rules 3(2), 14(b)(2), and 46(j)**,** and any other applicable Commission rules and statutes.

2. Tripp & Sons, LLC shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FOURTEEN THOUSAND SEVEN HUNDRED FORTY-SIX DOLLARS ($14,746.00.)**

It is further **ORDERED** that as persons in a position of ownership or control of Respondent at the time Respondent violated Commission rules related to safety and the control of pollution, Monroe R. Tripp, Jr. and Kendra J. Tripp, and any other organization in which either or both 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 12th day of September, 2016.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated September 12, 2016)

JNC/rnf