

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7C-0293152

**ENFORCEMENT ACTION AGAINST TRIPP & SONS, LLC (OPERATOR NO. 870481)
FOR VIOLATIONS OF STATEWIDE RULES ON THE GULF-HUGHES “B” LEASE,
WELL NO. 4 (RRC ID NO. 141044), AND THE KING LEASE (LEASE ID NO. 00843),
WELL NO. 1, MCCAMEY FIELD, UPTON COUNTY, TEXAS**

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 June 9, 2016 and that the respondent, Tripp & Sons, 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. Tripp & Sons, LLC (“Respondent”), Operator No. 870481, 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’ officers and agents as identified on the Form P-5—Robert Monroe Tripp, Jr.—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 Notice of Opportunity for Hearing was received by the Respondent on May 3, 2016. The first class mail was not returned. Record of the delivery 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 January 6, 2015, Respondent, a limited liability company, filed a Form P-5 with the Commission reporting that its officers consist of the following individual: Robert Monroe Tripp, Jr., Managing Member.
4. Robert Monroe 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. 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.
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 Gulf-Hughes "B" Lease, Well No. 4 (RRC ID No. 141044), and King Lease (Lease No. 00843), Well No. 1, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective January 1, 2014, approved January 30, 2014.
8. Commission inspection reports dated March 6, 2014, April 21, 2014, August 7, 2014, and September 11, 2014 for the Gulf-Hughes "B" Lease, show that the sign or identification required to be posted at Well No. 4 was either missing or displayed the incorrect operator.
9. Commission District inspection reports dated February 13, 2014, April 2, 2014, June 5, 2014, July 24, 2014 and September 11, 2014 for the King Lease show that the sign or identification required to be posted at Well No. 1 was missing.
10. Commission inspections reports dated on April 2, 2014, June 5, 2014, July 24, 2014 and September 11, 2014 for the King Lease show that the sign or identification required to be posted at the tank battery displayed the incorrect operator.
11. The lack of legible signs and identification displaying correct information, as set forth in Statewide Rules 3(2) and 3(3), 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.
12. Commission inspection reports dated January 29, 2014, March 6, 2014, April 21, 2014, August 7, 2014, and September 11, 2014, for the Gulf-Hughes "B" Lease, Well No. 4, show that the wellbore was open to the atmosphere.
13. Commission inspection reports dated February 13, 2014, April 2, 2014, June 5, 2014, July 24, 2014, and September 11, 2014, for the King Lease, Well No. 1, show that the casing was open to the atmosphere.
14. Wells left uncontrolled or open to the atmosphere, in violation of Statewide Rule 13(a)(6)(A), may discharge oil and gas waste onto the land surface and affect the health of humans and animals; these discharges may eventually make their way to surface or subsurface waters, causing pollution.

15. Commission inspection reports dated January 29, 2014, March 6, 2014, April 21, 2014, August 7, 2014, and September 11, 2014, along with either reports filed by Respondent with the Commission reflecting zero production or the absence of production reports filed by Respondent with the Commission since January 1993, show that the Gulf-Hughes "B" Lease, Well No. 4, has been inactive for a period greater than one year. Production from the subject well ceased prior to January 1993.
16. Commission inspection reports dated February 13, 2014, April 2, 2014, June 5, 2014, July 24, 2014, and September 11, 2014, along with either reports filed by Respondent with the Commission reflecting zero production or the absence of production reports filed by Respondent since April 2002, show that the King Lease, Well No. 1, has been inactive for a period greater than one year. Production from the subject well ceased in March 2002.
17. 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.
18. 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.
19. The total estimated cost to the State for plugging the Gulf-Hughes "B" Lease, Well No. 4, is \$14,404.00, and for plugging the King Lease, Well No. 1, is \$12,895.00.
20. Commission inspection reports made on February 13, 2014, April 2, 2014, June 5, 2014, July 24, 2014, and September 11, 2014 for the King Lease, Well No. 1, show that Respondent failed to post the required hydrogen sulfide ("H₂S") warning sign at the tank battery although Commission records indicate the tank battery was venting H₂S.
21. Unmarked or illegibly marked sites that have a high concentration of sour gas, in violation of Statewide Rule 36(c)(5)(B), may result in failure to provide warning to alert the general public of the potential danger, resulting in possible injury or death to the exposed public.
22. Commission inspection reports made on February 13, 2014, April 2, 2014, June 5, 2014, July 24, 2014, and September 11, 2014 for the King Lease, Well No. 1, show that Respondent failed notify the Commission district office of the accidental release of H₂S.
23. Failure to notify the Commission district office of an accidental release of H₂S, as required by Statewide Rule 36(c)(14), may result in injury or death.

24. Commission inspection reports dated February 13, 2014, April 2, 2014, June 5, 2014, July 24, 2014 and September 11, 2014 for the King Lease, Well No. 1, show that a release of H₂S gas occurred at the subject lease. A subsequent review of Commission records show that Respondent failed to furnish a written report to the district office of the accidental release of H₂S as required.
25. Failure to provide the district office with a written report of an accidental release of H₂S, as required by Statewide Rule 36(d)(3), may result in injury or death to the public.
26. 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), 3(3), 13(a)(6)(A), 14(b)(2), 3.36(c)(5)(B), 36(c)(14), and 36(d)(3). 16 TEX. ADMIN. CODE §§ 3.3(2), 3.3(3), 3.13(a)(6)(A), 3.14(b)(2), 3.36(c)(5)(B), 3.36(c)(14), and 3.36(d)(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 leases 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 leases in compliance with Statewide Rule 3(3), which requires that each tank battery that produces oil, gas, or geothermal resources shall post signs or identification showing the name of the property, commission lease number, name of the operator, number of acres in the property and if commingled, include the commingling permit number.

8. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 13(a)(6)(A), which requires that surface control of all wells be maintained with wellhead assemblies.
9. Respondent is responsible for maintaining the subject leases 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.
10. Respondent is responsible for maintaining the subject leases in compliance with Statewide Rule 36(c)(5)(B), which requires that storage tanks, which are utilized as a part of a production operation, and which are operated at or near atmospheric pressure, and where the vapor accumulation has a hydrogen sulfide concentration in excess of 500 ppm, shall have a warning sign posted on or within 50 feet of the facility to alert the general public of the potential danger.
11. Respondent is responsible for maintaining the subject wells in compliance with Statewide Rule 36(c)(14), which requires operators to immediately notify the appropriate Railroad Commission district office of any accidental release of hydrogen sulfide gas of sufficient volume to present a hazard and of any hydrogen related accident.
12. Respondent is responsible for maintaining the subject wells in compliance with Statewide Rule 36(d)(3), which requires operators to furnish a written report to the district office within 10 (ten) days of any accidental release of H₂S of sufficient volume to present a hazard and of any H₂S related accident, whether it be from an accidental or intentional release.
13. 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.
14. An assessed administrative penalty in the amount of TWENTY-NINE THOUSAND THREE HUNDRED FORTY DOLLARS (\$29,340.00) is justified considering the facts and violations at issue.
15. 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, Robert Monroe Tripp, Jr., 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. Tripp & Sons, LLC, shall place the Gulf-Hughes B Lease, Well No. 4 and the King Lease, Well No. 1 in compliance with Statewide Rules 3(2), 3(3), 13(a)(6)(A), 14(b)(2), 3.36(c)(5)(B), 36(c)(14), and 36(d)(3), 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 **TWENTY-NINE THOUSAND THREE HUNDRED FORTY DOLLARS (\$29,340.00)**.

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, Robert Monroe Tripp, Jr. 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 12th day of September, 2016.

RAILROAD COMMISSION OF TEXAS
(Signatures affixed by Default Master Order
dated September 12, 2016)

JNC/rmf