

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0261174

ENFORCEMENT ACTION AGAINST UMMA RESOURCES, LLC (OPERATOR NO. 875670) FOR VIOLATIONS OF STATEWIDE RULES ON RIVES TRUST LEASE, WELL NO. 2 (RRC NO. 125000), LA CHUSA (WILCOX 6000) FIELD, MCMULLEN 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 September 22, 2016 and that the respondent, Umma Resources, LLC, failed to appear or respond to the 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. Umma Resources, LLC ("Respondent"), Operator No. 875670, was sent the Original Complaint and 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, John Robert Manville and Mary A. Turner, were each sent the Original Complaint and Notice of Hearing by certified and first class mail, addressed to their last known Form P-5 Organization Report address. The certified mail envelope containing the Notice of Hearing and First Amended Original Complaint was received by Umma Resources, LLC, John Robert Manville, and Mary A. Turner on August 19, 2016. The electronic proof of delivery information for the addresses was provided by the United States Postal Service and the scanned images of the signatures have been on file with the Commission for more than 15 days.
2. Notice was served under Statewide Rule 1(a)(5) on the Resident Agent for Respondent, by regular and certified mail at John Robert Manville, Manager, Umma Resources, LLC, 107 Poesta, Portland, TX 78374. Notice was served on Mary A. Turner, Office Administrator, Umma Resources, LLC, 107 Poesta, Portland, TX 78374. Notice was served on Roger S. Braugh, Jr., Counsel, Sico, White, Hoelscher, Harris & Braugh, L.L.P., 802 N. Carancahua, Ste. 900, Corpus Christi, TX 78401. The certified mail sent to Roger S. Braugh, Jr. was returned on August 23, 2016. The first class mail sent to Roger S. Braugh, Jr. 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 First Amended

- Original Complaint and Notice of Hearing. Respondent has not entered into an agreed settlement order, filed an answer, or requested a hearing.
3. On October 7, 2010, the Commission received a Form P-5 for Umma Resources, LLC reporting that its officers consist of the following individual(s): John Robert Manville and Mary A. Turner. The Form P-5 was signed by an officer, Mary A. Turner. The Form P-5 was approved on October 20, 2010.
 4. John Robert Manville 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. Mary A. Turner 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 \$25,000 cash deposit 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 Rives Trust Lease, Well No. 2, (RRC No. 125000), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective August 23, 2002, approved August 23, 2002.
 9. District Office Inspection Reports made on January 8, 2009 and August 10, 2016, and reports filed by Respondent with the Commission (reflecting zero injection) since April 1995, showed that the Rives Trust Lease, Well No. 2 (RRC No. 125000) has been inactive for a period greater than one year. Injection into the subject well ceased on or before March 31, 1995.
 10. 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.
 11. An affidavit by Olin MacNamara, Field Operations, Oil & Gas Division, dated September 21, 2016 states, "Any wellbore, cased or otherwise, is a potential conduit for flow from oil or saltwater zones to zones of usable quality water or to the surface. Holes or leaks may develop in cased wells, allowing oil or saltwater to communicate with

usable quality zones or to flow to the surface. Uncased wells allow direct communication between zones and provide unimpeded access to the surface”.

12. 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 well. 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.
13. Pursuant to calculations by Commission personnel, the total estimated cost to the State for plugging the Rives Trust Lease, Well No. 2 (RRC No. 125000) is \$42,826.20.
14. Respondent charged with the violation herein recited has no 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 Rule 14(b)(2) [16 TEX. ADMIN. CODE §3.14(b)(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 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.
7. 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.

8. An assessed administrative penalty in the amount of EIGHT THOUSAND THREE HUNDRED TWO DOLLARS (\$8,302.00) is justified considering the facts and violations at issue.
9. 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, John Robert Manville and Mary A. Turner and any other organization in which they may hold a position of ownership or control, are subject to the restrictions 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. Umma Resources, LLC (Operator No. 875670) shall plug the Rivas Trust Lease, Well No. 2 (RRC No. 125000) in compliance with Statewide Rule 14(b)(2) and any other applicable Commission rules and statutes.
2. Umma Resources, LLC (Operator No. 875670) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of EIGHT THOUSAND THREE HUNDRED DOLLARS (\$8,302.00).

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, John Robert Manville and Mary A. Turner and any other organization in which they may hold a position of ownership or control, shall be subject to the restrictions 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 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 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 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 25th day of October, 2016.

RAILROAD COMMISSION OF TEXAS

MFE/see

(Signatures affixed by Default Master Order dated October 25, 2016)