

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 04-0301318

ENFORCEMENT ACTION AGAINST GREEN EXPLORATION COMPANY (OPERATOR NO. 330179) FOR VIOLATIONS OF STATEWIDE RULES ON THE TAFT GIN AND SEED CO A LEASE (LEASE NO. 07262), WELL NOS. 1, 2, 4, 5, 8 AND 9, TAFT (4300) FIELD, SAN PATRICIO 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 October 20, 2016, and that the respondent, Green Exploration Company, 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. Green Exploration Company, (“Respondent”), Operator No. 330179, 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. Respondent’s officers and agents as identified on the Form P-5, John E. Cantu, 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 addressed to Respondent was received on September 6, 2016. The certified mail envelope addressed to John E. Cantu was returned to the Commission on September 27, 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 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 June 14, 2016, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officers consist of the following individual: John E. Cantu, President.

4. John E. Cantu 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 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 Taft Gin and Seed Co A Lease (Lease No. 07262), Well Nos. 1, 2, 4, 5, 8 and 9, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective January 1, 2011, approved June 29, 2011.
8. Commission records reflect that on April 2, 2015, the Commission gave Respondent notice by certified mail of alleged facts or conduct of Respondent in the operation or production of oil or gas from the Taft Gin and Seed Co A Lease that appeared to violate the oil and gas conservation laws of this state, or rules or orders of the Commission adopted under those laws, to warrant the cancellation of Respondent's certificate of compliance. The notice gave Respondent an opportunity to show compliance with all requirements of law for retention of the certificate of compliance.
9. Commission records show that Respondent did not timely demonstrate compliance with all requirements of law for retention of the certificate of compliance and, as a result, the certificate of compliance for the Taft Gin and Seed Co A Lease was cancelled, and Respondent was given notice of such cancellation, on May 2, 2015.
10. Production reports filed by Respondent with the Commission for the Taft Gin and Seed Co A Lease in June 2015, August 2015, and October through November 2015, show Respondent produced an approximate total of 6, 2, and 18 barrels, respectively, from the Taft Gin and Seed Co A Lease after the certificate of compliance had been cancelled and before a new certificate of compliance had been issued.
11. Respondent is responsible for prior violations of Commission statutes and rules as documented in the enforcement final orders for Oil & Gas Docket Nos. 04-0286312, 04-0286991 and 04-0296629.

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 and TEX. NAT. RES. CODE § 91.706 and Statewide Rule 73(i) (16 TEX. ADMIN. CODE § 3.73(i)).
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 well in compliance with Statewide Rule 73(i) and TEX. NAT. RES. CODE § 91.706, which requires the operator, upon notice from the Commission that a certificate of compliance has been cancelled, to not produce oil, gas, or geothermal resources until a new certificate of compliance has been issued by the Commission.
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 SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$7,500.00) is justified considering the facts and violations at issue.
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, John E. Cantu, 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. Green Exploration Company shall place the Taft Gin and Seed Co A Lease, Well Nos. 1, 2, 4, 5, 8 and 9 in compliance with TEX. NAT. RES. CODE § 91.706, Statewide Rule 73(i), and any other applicable Commission rules and statutes.
2. Green Exploration Company shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$7,500.00)**.

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, John E. Cantu 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 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 6th day of December, 2016

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated December 6, 2016)

JNC/rmf