

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7C-0300873

**ENFORCEMENT ACTION AGAINST J2 PETROLEUM LLC (OPERATOR NO. 427976)
FOR VIOLATIONS OF STATEWIDE RULES ON THE LINDLEY "40" LEASE, WELL
NO. 8 AND TANK BATTERY, ROCK PEN (CANYON) FIELD, IRION COUNTY; AND
HENRY (10208) LEASE, WELL NO. 2, ROCK PEN (CANYON) FIELD, IRION 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 27, 2016 and that the respondent, J2 Petroleum 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. **J2 PETROLEUM LLC** ("Respondent"), Operator No. 427976, 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, Israel Joiner, President and Resident Agent, and Paula Jane McGinley, Secretary, were each sent the Original Complaint and Notice of Opportunity for Hearing by certified and first class mail, addressed to their last known address.
2. The certified mail envelope addressed to J2 Petroleum LLC, 5238 Christoval Road, San Angelo, TX 76904 containing the Original Complaint and the Notice of Opportunity for Hearing was returned to the Commission, marked "unclaimed" on October 14, 2016. Both certified mail envelopes addressed to Israel Joiner, J2 Petroleum LLC, 1850 Shady Point Circle, San Angelo, TX 76904 were received. The first-class mail was not returned to the Commission. The first class and certified mail to Paula McGinley, J2 Petroleum LLC, 701 N. First Street, Mertzon, TX 76941 was returned to the Commission, marked "no mail receptacle, unable to forward" on August 25, 2016. 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 December 17, 2015, Respondent filed a Form P-5 with the Commission reporting that its officers consist of the following individual(s): Israel Joiner and Paula Jane McGinley.
4. **ISRAEL JOINER** 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. **PAULA JANE MCGINLEY** 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 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 Lindley "40" (09727) Lease, Well No. 8 and Tank Battery, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective September 1, 2014, approved October 10, 2014; and the Henry (10208) Lease, Well No. 2, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective September 1, 2014, approved October 10, 2014.
9. Commission District inspection reports made on September 30, 2015, October 5, 2015, February 2, 2016, March 15, 2016, and May 17, 2016 on the Lindley "40" (09727) Lease, Well No. 8, showed that the subject well has been plugged but no plugging report, and in the case of a dry hole an electric long status report, has been filed.
10. Commission District inspection reports made on October 20, 2015 on the Henry (10208) Lease, Well No. 2, showed that the subject well has been plugged but no plugging report, and in the case of a dry hole an electric log status report, has been filed.
11. Commission District inspection reports made on October 5, 2015, February 2, 2016, March 15, 2016, and May 17, 2016 for the Lindley "40" (09727) Lease indicated that Well No. 8 was plugged on September 25, 2015, and that casing, tubing, rods, and flow line remained on the lease more than 120 days later.
12. Commission District inspection reports made on September 30, 2015, October 5, 2015, February 2, 2016, March 15, 2016, and May 17, 2016 on the Lindley "40" (09727) Lease showed that Respondent had failed properly to screen two tanks.
13. 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 14(b)(1), 14(d)(12), and 22(b). 16 TEX. ADMIN. CODE §§ 3.14(b)(1), 3.14(d)(12), and 22(b).
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. By failing to file a plugging report, and in the case of a dry hole an electric log status report, for the subject wells, Respondent has violated Statewide Rule 14(b)(1) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.14 (b)(1)].
7. By failing to remove casing, tubing, rods, and flow line from the lease, Respondent violated Statewide Rule 14(d)(12).
8. Enforcement seeks to require Respondent to take appropriate protective measures to prevent harm to birds pursuant to Statewide Rule 22, but specifically does not seek administrative penalties for the violation of this rule in this proceeding.
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 **TWELVE THOUSAND FIVE HUNDRED DOLLARS (\$12,500.00)** 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, Israel Joiner and Paula Jane McGinley, and any other organization in which they 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. **J2 PETROLEUM LLC** (Operator No. 427976) shall place the Lindley "40" Lease, Well No. 8 and Tank Battery, Rock Pen (Canyon) Field, Irion County and Henry (10208) Lease, Well No. 2, Rock Pen (Canyon) Field, Irion County, Texas in compliance with Statewide Rules **14(b)(1)**, **14(d)(12)**, and **22(b)** and any other applicable Commission rules and statutes.
2. **J2 PETROLEUM LLC** (Operator No. 427976) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWELVE THOUSAND FIVE HUNDRED DOLLARS (\$12,500.00)**.

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, Israel Joiner and Paula Jane McGinley and any other organization in which they 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 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 24th day of January, 2017.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated January 24, 2017)

RML/sec