

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 7B-0301237**

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**ENFORCEMENT ACTION AGAINST COLOTEX OPERATING, LLC (OPERATOR NO. 168908) FOR VIOLATIONS OF STATEWIDE RULES ON THE BARRON LEASE, WELL NO. 1 (RRC ID NO. 209326), PALO PINTO CO REG (GAS) FIELD, PALO PINTO 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 January 12, 2017 and that the respondent, Colotex Operating, 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. Colotex Operating, LLC (“Respondent”), Operator No. 168908, 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: Colotex Operating, LLC, 17794 E Ida Ave, Aurora, Colorado 80015. Respondent’s Resident Texas Agent and officer as identified on the Form – Tim Martin, Resident Texas Agent and Christian Charles Broadhurst, Manager – were each sent the Original Complaint and Notice of Opportunity for Hearing by certified and first class mail, addressed to their last known address: Tim Martin, Registered Texas Agent, Colotex Operating, LLC, 14 Evington Court, Wichita Falls, Texas 76302 and Christian Charles Broadhurst, Manager, Colotex Operating, LLC, 17794 E. Ida Ave, Aurora, Colorado 80015.
2. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing was received by the Respondent and Christian Charles Broadhurst, Manager on August 8, 2016. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to Tim Martin, Registered Texas Agent was returned to the Commission unopened on August 29, 2016. The first-class mail was not 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. Respondent filed its first Form P-5 with the Commission in 2014. On March 23, 2015, Respondent, a Corporation, filed a Form P-5 with the Commission reporting that its officer consist of the following individual: Christian Charles Broadhurst, Manager.
  4. Christian Charles Broadhurst 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 \$25,000.00 cash deposit as its financial assurance at the time of the last Form P-5 annual renewal submission.
  6. Respondent designated itself to the Commission as the operator of the Barron Lease, Well No. 1 (RRC ID No. 209326), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective August 1, 2015, approved September 10, 2015.
  7. Commission inspection reports made on January 6, 2016, February 18, 2016, April 11, 2016, and May 17, 2016, for the Barron Lease, Well No. 1 (RRC ID No. 209326), show that the signs or identification required to be posted at the lease entrance displayed incorrect information.
  8. Commission inspection reports made on January 6, 2016, February 18, 2016, April 11, 2016, and May 17, 2016, for the Barron Lease, Well No. 1 (RRC ID No. 209326), show that the signs or identification required to be posted at the subject well displayed incorrect information.
  9. Commission inspection reports made on January 6, 2016, February 18, 2016, April 11, 2016, and May 17, 2016, for the Barron Lease, Well No. 1 (RRC ID No. 209326), show that the signs or identification required to be posted at the tank displayed incorrect information.
  10. The lack of legible signs and identification displaying correct information, as set forth in Statewide Rules 3(1), 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.
  11. The violations of Commission rules committed by Respondent are related to safety and the control of pollution. According to an Affidavit signed by Petar Buva, Field Operations, on Statewide Rule 3, "In the event of a pollution or safety violation or other emergency, the lack of legible signs and identification displaying correct information may cause confusion as to the responsible operator to be contacted and the actual location of the violation or

- emergency. Such confusion will cause delays in containing and remediating the violation or emergency, which is serious and may threaten the public health and safety.”
12. Commission inspection reports made on January 6, 2016, February 18, 2016, April 11, 2016, and May 17, 2016 for the Barron Lease, Well No. 1 (RRC ID No. 209326) show hydrocarbon soaked soil around the compressor affecting an area approximately 10' x 2' x 2" and a hydrocarbon soaked soil area around the green fiberglass tank affecting an area of approximately 18' x 10' x 2".
  13. Respondent did not have a permit for said discharges, nor were they authorized under Statewide Rules 8(d)(3), 8(e), 9, 46 or 98.
  14. Unpermitted discharges of oil and gas waste, in violation of Statewide Rule 8(d)(1), can contaminate the land surface, affect the health of humans and animals, and may eventually be discharged to surface or subsurface waters, causing pollution.
  15. The violations of Commission rules committed by Respondent are related to safety and the control of pollution. According to an Affidavit signed by Petar Buva, Field Operations, on Statewide Rule 8(d)(1), “Any unauthorized discharge of disposal of oil, saltwater, basic sediment or other oil and gas waste is a potential source of pollution to surface and subsurface waters if not remediated to prevent seepage and run-off.”
  16. Commission District inspection reports made on April 11, 2016 and May 17, 2016 for the Barron Lease, Well No. 1 (RRC ID No. 209326), show that the wellhead was bubbling at Well No. 1. By failing to maintain control of the wellhead, Respondent violated Statewide Rule 13(a)(6)(A).
  17. A violation of Statewide Rule 13(a)(6)(A) is serious and a hazard to the public health and safety because wells left uncontrolled or open to the atmosphere 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.
  18. The violations of Commission rules committed by Respondent are related to safety and the control of pollution. According to an Affidavit signed by Petar Buva, Field Operations, on Statewide Rule 13(a)(6)(A), “Open wellbores prohibited by Statewide Rule 13(a)(6)(A) are pollution/safety hazards due to the possibility of surface run-off entering the wellbore and the possibility of well fluids flowing out of the wellbore.”
  19. 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(1), 3(2), 3(3), 8(d)(1), and 13(a)(6)(A). 16 TEX. ADMIN. CODE §§ 3.3(1), 3.3(2), 3.3(3), 3.8(d)(1), and 3.13(a)(6)(A).
5. Respondent is responsible for maintaining the subject leases in compliance with Statewide Rule 3(1) which requires that for each property that produces oil, gas or geothermal resources and each oil, gas or geothermal resource well and tank, or other approved crude oil measuring facility, a sign shall be posted at the principal entrance which shall show the name by which the property is carried on the records of the Commission, the name of the operator, and the number of acres in the property.
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 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 8(d)(1), which prohibits the discharge of oil and gas waste without a permit.
9. Respondent is responsible for maintaining surface control of a well by using wellhead assemblies in compliance with Statewide Rule 13(a)(6)(A). Maintenance of surface control is necessary not only to prevent fluids from being discharged from the wellbore onto the ground surface, but also to prevent any oil and gas wastes present in the wellbore from being displaced to surface by influxes of surface water into the open wellbore.
10. 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.

11. An assessed administrative penalty in the amount of FIVE THOUSAND FIVE HUNDRED SIXTY DOLLARS (\$5,560.00) is justified considering the facts and violations at issue, consisting of one violation of Statewide Rule 3(1) at \$1,000.00, one violation of Statewide Rule 3(2) at \$500.00, one violation of Statewide Rule 3(3) at \$1,000.00, two violations of Statewide Rule 8(d)(1) at \$1,060.00, and one violation of Statewide Rule 13(a)(6)(A) at \$2,000.00.
12. As a person in a position of ownership or control of Respondent at the time Respondent violated a Commission rule related to safety and the control of pollution, Christian Charles Broadhurst, and any other organization in which he may hold a position of ownership or control, is 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. Colotex Operating, LLC (Operator No. 168908) shall place the Barron Lease, Well No. 1 (RRC ID No. 209326) in compliance with Statewide Rules 3(1), 3(2), 3(3), 8(d)(1), and 13(a)(6)(A), and any other applicable Commission rules and statutes.
2. Colotex Operating, LLC (Operator No. 168908) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of FIVE THOUSAND FIVE HUNDRED SIXTY DOLLARS (\$5,560.00).

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, Christian Charles Broadhurst 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 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 28<sup>th</sup> day of February, 2017.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order  
dated February 28, 2017)

MFE/dac