

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7B-0303181

**ENFORCEMENT ACTION AGAINST BLANTON OIL, LLC (OPERATOR NO. 075412)
FOR VIOLATIONS OF STATEWIDE RULES ON THE JAMES (27296) LEASE, WELL
NOS. 1, 2, 4, AND 5, COLEMAN COUNTY REGULAR FIELD, COLEMAN 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 April 6, 2017, and that the respondent, Blanton Oil, 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. Blanton Oil, LLC ("Respondent"), Operator No. 075412, 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: Blanton Oil, LLC, 701 Rock Ridge Rd, Allen TX 75002. Respondent's officers as identified on the Form P-5—Blanton, James Robert, Member and Blanton, Karen Anne, Member—were sent the Original Complaint and Notice of Opportunity for Hearing by certified and first-class mail, addressed to their last known address: Blanton, James Robert, Member, 701 Rock Ridge Rd, Allen TX 75002 and Blanton, Karen Anne, Member, 701 Rock Ridge Rd, Allen TX 75002.
2. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent was returned to the Commission unopened on April 3, 2017. The Certified Mail envelopes addressed to Blanton, James Robert and Blanton, Karen Anne were returned to the Commission unopened on April 3, 2017 and March 30, 2017 respectively. 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 September 18, 2014, Respondent, a Limited Liability Co, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Blanton, James Robert and Blanton, Karen Anne.
4. Blanton, James Robert 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. Blanton, Karen Anne 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 \$25,000.00 bond as its financial assurance at the time of the last Form P-5 annual renewal submission.
7. Respondent designated itself to the Commission as the operator of the James (27296) Lease, Well Nos. 1, 2, 4, and 5, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective November 1, 2014, approved November 17, 2014.
8. A Commission district inspection report made on November 30, 2016 for the James (27296) Lease shows two hydrocarbon spills; one spill near a steel tank measuring approximately 400-square feet and one spill at Well No. 4 measuring approximately 450-square feet.
9. 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.
10. 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.
11. Commission District inspection reports made on November 20, 2016 and December 19, 2016 for the James (27296) Lease, show that Respondent failed to backfill and compact workover pits at Well Nos. 1, 2, 4, and 5. Commission records show that Well Nos 1 and 2 were completed in 1994, Well No. 4 was completed in 1996, and Well No. 5 was completed in 1997.
12. Pits that are not maintained, emptied, closed, backfilled and/or compacted as required in Statewide Rule 8(d)(4)(G)(i)(III) may result in unpermitted discharges of oil and gas waste which can contaminate the land surface, affect the health of humans and animals, and may be discharged to surface or subsurface waters, causing pollution.
13. Commission inspection reports made on November 20, 2016 and December 19, 2016, and the absence of reported production since April 2015, showed that the

James (27296) Lease, Well No. 1 has been inactive for a period greater than one year. Production from the subject lease ceased on or before May 2015.

14. No workovers, re-entries, or subsequent operations have taken place on the subject well within the last twelve months; the subject well has not been properly plugged in accordance with Statewide Rule 14, 16 Tex. Admin Code § 3.14; and no plugging extensions are in effect for the subject well as allowed by Statewide Rule 14.
15. Usable quality groundwater in the area can become contaminated by migrations or discharges of saltwater and other oil and gas waste 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.
16. According to an affidavit signed by Petar Buva, Field Operations, "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."
17. The total estimated cost to the State for plugging the James (27296) Lease, Well No. 1 is \$39,600.00.
18. Commission inspection reports made on November 20, 2016 and December 19, 2016, on the James (27296) Lease show that the tank battery was within 500 feet of Country Road 172 but did not have a fire wall.
19. Failing to erect a dike or fire wall as required by Statewide Rule 21(j) can cause fires.
20. Commission inspection reports made on November 20, 2016 and December 19, 2016, on the James (27296) Lease, show that Respondent failed to properly screen an open-topped fiberglass tank. No penalty is being sought for this violation; Commission staff requested corrective measures only.
21. Failing to properly screen or take other protective measures, as set forth in Statewide Rule 22(b), regarding open-top tanks, skimming pits, and/or collecting pits can cause harm to birds.
22. The 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 8(d)(1), 8(d)(4)(H)(i)(III), 14(b)(2), 21(j), and 22(b). 16 TEX. ADMIN. CODE §§ 3.8(d)(1), 3.8(d)(4)(H)(i)(III), 3.14(b)(2), 3.21(j), and 3.22(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. 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.
7. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(4)(G)(i)(III), which contains requirements for the dewatering, filling, backfilling and/or compacting of pits.
8. 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.
9. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 21(j), which requires that dikes or fire walls be erected and kept around all permanent oil tanks or battery of tanks that are within the corporate limits of any city, town or village or where such tanks are closer than 500 feet to any highway or inhabited dwelling or closer than 1,000 feet to any school or church, or where such tanks are located as to be deemed by the Commission to be an objectionable hazard.
10. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 22(b), which requires open-top tanks, skimming pits, and collecting pits to be screened or otherwise rendered harmless to birds.
11. 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.

12. An assessed administrative penalty in the amount of **TWENTY-EIGHT THOUSAND, EIGHT HUNDRED TWENTY-SIX DOLLARS (\$28,826.00)** is justified considering the facts and violations at issue.
13. As persons in positions of ownership or control of Respondent at the time Respondent violated Commission rules related to safety and the control of pollution, Blanton, James Robert, and Blanton, Karen Anne, and any other organization in which these individuals 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. Blanton Oil, LLC (Operator No. 075412) shall place the James (27296) Lease, Well Nos. 1, 2, 4, and 5, in compliance with Statewide Rules 8(d)(1), 8(d)(4)(H)(i)(III), 14(b)(2), 21(j), and 22(b), and any other applicable Commission rules and statutes.
2. Blanton Oil, LLC (Operator No. 075412) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY-EIGHT THOUSAND, EIGHT HUNDRED TWENTY-SIX DOLLARS (\$28,826.00)**.

It is further **ORDERED** that as persons in positions of ownership or control of Respondent at the time Respondent violated Commission rules related to safety and the control of pollution, Blanton, James Robert, and Blanton, Karen Anne, and any other organization in which these individuals 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 25th day of April, 2017.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master
Order dated April 25, 2017)

CJH/dac