

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 7B-0304103**

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**ENFORCEMENT ACTION AGAINST COUCH OIL & GAS, INC. (OPERATOR NO. 182165) FOR VIOLATIONS OF STATEWIDE RULES ON THE DAVIS, EDGAR (30948) LEASE, WELL NO. 2, A.T.& H. (PALO PINTO SD.) FIELD, CALLAHAN 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 June 22, 2017, and that the respondent, Couch Oil & Gas, Inc., 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. Couch Oil & Gas, Inc. ("Respondent"), Operator No. 182165, 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 as identified on the Form P-5—Charles Couch, President and Lynn Couch, Secretary—were 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 containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent was returned to the Commission unopened on June 2, 2017. The United States Postal Service was unable to verify delivery of the Certified Mail envelopes addressed to Charles Couch and Lynn Couch. The first-class mail envelopes addressed to Respondent and Charles Couch were returned to the Commission on May 11, 2017 and May 18, 2017, respectively. The first-class mail envelope addressed to Lynn Couch 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. On July 28, 2015, Respondent, a Corporation, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Charles Couch and Lynn Couch.

4. Charles Couch was in a position of ownership or control of Respondent, as defined in TEX. NAT. RES. CODE § 91.114, during the time period of the violations of Commission rules committed by Respondent.
5. Lynn Couch was in a position of ownership or control of Respondent, as defined in TEX. NAT. RES. CODE § 91.114, during the time period of the violations of Commission rules committed by Respondent.
6. Respondent's Form P-5 is delinquent. Respondent had a \$50,000.00 bond 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 Davis, Edgar (30948) Lease, Well No. 2, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective March 8, 2012, approved April 30, 2012.
9. Commission District inspection reports made on December 30, 2016 and February 13, 2017 for the Davis, Edgar (30948) Lease, Well No. 2, and a review of Commission records indicate that Respondent completed plugging operations on June 24, 2016. However, a workover pit measuring 150 square feet remained open.
10. Pits that are not maintained, emptied, closed, backfilled and/or compacted as required in Statewide Rule 8(d)(4)(H)(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.
11. Commission records indicate that the Davis, Edgar (30948) Lease, Well No. 2 was plugged on June 24, 2016. Commission District inspection reports made on December 30, 2016 and February 13, 2017 for the Davis, Edgar (30948) Lease, Well No. 2 indicate that the surface casing and wellhead remain intact and above ground level.
12. Improper plugged wellbores are likely to cause pollution of usable quality groundwater and surface water, as defined in Statewide Rule 8(a)(28), by serving as a conduit for the passage of oil, gas, saltwater, and other substances from one stratum or formation to another or to the surface or from the surface downward. Also, casing that is not cut off three feet below the ground surface may constitute a safety hazard for humans, livestock, and machinery and may restrict the use of the land in the area of the well site.
13. The Respondent charged with the violation herein recited has previous violations as documented under Docket No. 7B-0270806 for violations of Statewide Rule 14(b)(2) and 14(b)(3).

### 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 TEX. NAT. RES. CODE, Chapters 89 and 91.
4. Respondent is in violation of Statewide Rules 14(d)(8), and 8(d)(4)(H)(i)(III). 16 TEX. ADMIN. CODE §§ 3.14(d)(8), and 3.8(d)(4)(H)(i)(III).
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)(4)(H)(i)(III), which contains requirements for the dewatering, filling, backfilling and/or compacting of pits.
7. Respondent is responsible for properly plugging the subject well in compliance with Statewide Rule 14(d)(8), which contains requirements for the cement plug and cutting off the casing three feet below the ground surface.
8. 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 continue constituting a separate violation.
9. An assessed administrative penalty in the amount of **FOUR THOUSAND, FIVE HUNDRED DOLLARS (\$4,500.00)** is justified considering the facts and violations at issue.
10. 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, Charles Couch, and Lynn Couch, and any other organization in which these individuals may hold a position of ownership or control, is subject to the restriction in TEX. NAT. RES. CODE § 91.114(a)(2).

**IT IS ORDERED THAT** within 30 days from the day immediately following the date this order becomes final:

1. Respondent shall place the Davis, Edgar (30948) Lease, Well No. 2, in compliance with Statewide Rules 14(d)(8), and 8(d)(4)(H)(i)(III), and any other applicable Commission rules and statutes; and,
2. Respondent shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FOUR THOUSAND, FIVE HUNDRED DOLLARS (\$4,500.00)**.

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, Charles Couch, and Lynn Couch, and any other organization in which these individuals may hold a position of ownership or control, **shall be subject to the restriction in TEX. NAT. RES. CODE § 91.114(a)(2) 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 15<sup>th</sup> day of August 2017.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master  
Order dated August 15, 2017)

CJH/dac