

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0299262

ENFORCEMENT ACTION AGAINST ROSEMARY H. DAWSEY DBA DAWSEY OPERATING COMPANY (OPERATOR NO. 208041) FOR VIOLATIONS OF STATEWIDE RULES ON THE MURPHY LEASE, WELL NO. 1 (PERMIT NO. 698843), WILDCAT FIELD, ZAVALA COUNTY; MURPHY LEASE, WELL NO. 4H (PERMIT NO. 745072), BRISCOE RANCH (EAGLEFORD) FIELD, ZAVALA COUNTY; AND MURPHY LEASE, WELL NO. 2H (PERMIT NO. 750588), BRISCOE RANCH (EAGLEFORD) FIELD, ZAVALA 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 June 1, 2017, and that the respondent, Rosemary H. Dawsey dba Dawsey Operating Company, failed to appear or respond to the **Notice of 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. Rosemary H. Dawsey dba Dawsey Operating Company ("Respondent"), Operator No. 208041, was sent the Original Complaint and Notice of Hearing by certified and first-class mail, addressed to the most recent Commission Form P 5 (Organization Report) ("Form P 5") address. Respondent's officer as identified on the Form P 5—Rosemary Dawsey, RHD Holdings, L.L.C.—was sent the Original Complaint and Notice of Hearing by certified and first-class mail, addressed to her last known address.
2. The United States Postal Service was unable to verify delivery of the certified mail envelope containing the Original Complaint and Notice of Hearing addressed to the Respondent. The Certified Mail envelope addressed to Rosemary Dawsey, RHD Holdings L.L.C. was returned to the Commission unopened on May 22, 2017. The first-class mail envelope addressed to Respondent was returned to the Commission on March 21, 2017. The first-class mail envelope addressed to Rosemary Dawsey, RHD Holdings, L.L.C. was returned to the Commission on April 26, 2017 unopened. 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 Hearing. Respondent has not entered into an agreed settlement order, filed an answer, or requested a hearing.

3. On October 7, 2015, Respondent, a Sole Proprietorship, filed a Form P 5 with the Commission reporting that its officer consists of the following individual: Dawsey, Rosemary Hand. According to Commission records, a name change for Rosemary Dawsey dba Dawsey Operating Company was submitted on April 20, 2016. The name was changed to RHD Holding, L.L.C. and all financial assurance was transferred to the new operator.
4. Rosemary Hand Dawsey 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. 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. 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 Murphy, Lease, Well No. 1 (Drilling Permit No. 698843), by filing a Commission Form W-1 (Application for Permit to Drill, Recomplete, or Re-enter), submitted September 16, 2010, approved July 15, 2010.
8. Respondent designated itself to the Commission as the operator of the Murphy, Lease, Well No. 4H (Drilling Permit No. 745072), by filing a Commission Form W-1 (Application for Permit to Drill, Recomplete, or Re-enter), submitted July 20, 2012, approved October 25, 2012.
9. Respondent designated itself to the Commission as the operator of the Murphy, Lease, Well No. 2H (Drilling Permit No. 750588), by filing a Commission Form W-1 (Application for Permit to Drill, Recomplete, or Re-enter), submitted October 29, 2012, approved November 9, 2012.
10. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy Lease, Well No. 1 (Drilling Permit No. 698843), show that the signs or identification required to be posted at the lease entrance was missing.
11. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy Lease, Well No. 4H (Drilling Permit No. 745072), show that the signs or identification required to be posted at the lease entrance was missing.
12. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy Lease, Well No. 2H (Drilling Permit No. 750588), show that the signs or identification required to be posted at the lease entrance was missing.

13. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy Lease, Well No. 1 (Drilling Permit No. 698843) shows that the sign or identification required to be posted at the well location was missing.
14. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy (745072) Lease, Well No. shows that the sign or identification required to be posted at the well location was missing.
15. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy (750588) Lease, Well No. shows that the sign or identification required to be posted at the well location was missing.
16. The lack of legible signs and identification displaying correct information, as set forth in Statewide Rules 3(1) and 3(2), may cause confusion as to the responsible operator to be contacted and the actual location of a violation or emergency, which can result in delays in remedying a violation or emergency.
17. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015, and the absence of reported production since July 5, 2010, when the well was permitted., showed that the Murphy Lease, Well No. 1 (Drilling Permit No. 698843) has never been active and therefore has been inactive for a period greater than one year.
18. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015, and the absence of reported production since August 1, 2012, when the well was spud, showed that the Murphy Lease, Well No. 4H (Drilling Permit No. 745072) has never been active and therefore has been inactive for a period greater than one year.
19. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015, and the absence of reported production since November 9, 2012, when the well was permitted., showed that the Murphy Lease, Well No. 1 (Drilling Permit No. 698843) has never been active and therefore has been inactive for a period greater than one year.
20. No workovers, re-entries, or subsequent operations have taken place on the subject wells within the last twelve months; the subject wells have 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 wells as allowed by Statewide Rule 14.
21. Usable quality groundwater in the area can become contaminated by migrations or discharges of saltwater and other oil and gas waste from the subject wells. 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.

22. The total estimated cost to the State for plugging the Murphy Lease, Well No. 1 (Drilling Permit No. 698843), is \$34,169.00. The total estimated cost to the State for plugging the Murphy Lease, Well No. 4H (Drilling Permit No. 745072), is \$32,715.00. The total estimated cost to the State for plugging the Murphy Lease, Well No. 2H (Drilling Permit No. 750588), is \$29,080.00.
23. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy Lease, Well No. 1 (Drilling Permit No. 698843) show reserved pits open on the lease. The last known drilling operations occurred on July 15, 2010. The pits measured approximately 30' x 30' and 10' x 30'.
24. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy Lease, Well No. 4H (Drilling Permit No. 745072) show reserved pits open on the lease. The last known drilling operations occurred on August 20, 2012. The pits measured approximately 30' x 30' and 10' x 30'.
25. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy Lease, Well No. 2H (Drilling Permit No. 750588) show reserved pits open on the lease. The last known drilling operations occurred on September 9, 2012. The pits measured approximately 50' x 50' and 10' x 50'.
26. Reserve pits and mud circulation pits that are not maintained, emptied and backfilled, as set forth in Statewide Rule 8(d)(4)(H)(i)(I), 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.
27. Commission inspection reports made on November 14, 2013, August 8, 2014, June 11, 2015, September 3, 2015, and September 22, 2015 for the Murphy Lease, Well No. 1 (Drilling Permit No. 698843); the Murphy Lease, Well No. 4H (Drilling Permit No. 745072); and the Murphy Lease, Well No. 2H (Drilling Permit No. 750588) show that the wells have been completed, but Respondent has not filed the required completion report.
28. Should a well need to be re-entered for any reason, the wellbore documentation provided in completion and plugging reports as set forth in Statewide Rule 16(b) is necessary to safely and efficiently carry out the replugging, recompletion, reworking, or other action.
29. 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 TEX. NAT. RES. CODE, Chapters 89 and 91.
4. Respondent is in violation of Statewide Rules 3(1), 3(2), 14(b)(2), 16(b), and 8(d)(4)(H)(i)(I). 16 TEX. ADMIN. CODE §§ 3.3(1), 3.3(2), 3.14(b)(2), 3.16(b), and 3.8(d)(4)(H)(i)(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 leases in compliance with Statewide Rule 3(1), 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 leases 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.
8. Respondent is responsible for maintaining the subject leases 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 8(d)(4)(H)(i)(I), which requires that reserve pits and mud circulation pits be maintained, emptied and backfilled within one year of cessation of drilling operations.
10. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 16(b), which requires proper completion and plugging reports to be filed timely.
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 continue constituting a separate violation.

12. An assessed administrative penalty in the amount of **FORTY-EIGHT THOUSAND, FIFTY DOLLARS (\$48,050.00)** is justified considering the facts and violations at issue.
13. 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, Rosemary Hand Dawsey, and any other organization in which this individual 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 Murphy Lease, Well No. 1 (Drilling Permit No. 698843); the Murphy Lease, Well No. 4H (Drilling Permit No. 745072); and the Murphy Lease, Well No. 2H (Drilling Permit No. 750588) in compliance with Statewide Rules 3(1), 3(2), 14(b)(2), 16(B), and 8(d)(4)(H)(i)(I), and any other applicable Commission rules and statutes.
2. Respondent shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FORTY-EIGHT THOUSAND, FIFTY DOLLARS (\$48,050.00)**.

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, Rosemary Hand Dawsey, and any other organization in which this individual 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 15th day of August 2017.

RAILROAD COMMISSION OF TEXAS

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

CJH/dac