

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7B-0301058

**ENFORCEMENT ACTION AGAINST PRENSORUS ENERGY, LLC (OPERATOR NO. 676080)
FOR VIOLATIONS OF STATEWIDE RULES ON THE YOUNG, WAYNE S. (11199) LEASE,
WELL NO. 2, LAKE ABILENE (CROSS CUT) FIELD, TAYLOR 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 July 27, 2017, and that the respondent, Prensorus Energy, LLC, 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. Prensorus Energy, LLC ("Respondent"), Operator No. 676080, 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: Prensorus Energy, LLC, P O Box 2078, Abilene TX 79604. Respondent's agent and officers as identified on the Form P-5—Preston, Brent D., Resident Texas Agent; Ensor, James Caleb, Manager; Hart, Casey, Manager; and Russell, Justin K., Manager—were sent the Original Complaint and Notice of Hearing by certified and first-class mail, addressed to their last known address: Preston, Brent D., Resident Texas Agent, 810 Texas Ave Ste 100, Lubbock TX 79401; Ensor, James Caleb, Manager, P O Box 2078, Abilene TX 79604; Hart, Casey, Manager, P O Box 2078, Abilene TX 79604; and Russell, Justin K., Manager, P O Box 2078, Abilene TX 79604.
2. The certified mail envelope containing the Original Complaint and Notice of Hearing addressed to the Respondent was 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 2011. On December 14, 2016, Respondent, a Ltd Liability Co, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Ensor, James Caleb. Hart, Casey; and Russell, Justin K.
4. Ensor, James Caleb 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. Hart, Casey 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. Russell, Justin K. 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.
7. 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.
8. The violations of Commission rules committed by Respondent are related to safety and the control of pollution.
9. Respondent designated itself to the Commission as the operator of the Young, Wayne S. (11199) Lease, Well No. 2, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective November 1, 2012, approved November 29, 2012.
10. Commission inspection reports made on March 3, 2016, April 29, 2016, June 8, 2016 and October 4, 2016, and the absence of reported production since January 2013, showed that the Young, Wayne S. (11199) Lease, Well No. 2 has been inactive for a period greater than one year. Production from the subject lease ceased on or before February 2013. Well No. 2 was shut-in January of 2014.
11. 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.
12. 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.
13. 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."
14. By failing to timely plug the subject well or to obtain an extension of the plugging deadline, Respondent has violated Statewide Rule 14(b)(2).
15. Respondent's violation of Statewide Rule 14(b)(2) is serious and threatens the public health and safety. Unplugged wellbores are likely to cause pollution of usable quality ground water and surface water, as defined in Statewide Rule 8(a)(28).
16. The total estimated cost to the State for plugging the Young, Wayne S. (11199) Lease, Well No. 2 is \$19,700.00.

17. Commission District inspection reports made on March 3, 2016, April 29, 2016, and June 8, 2016 for the Young, Wayne S. (11199) Lease indicated there is a 15' x 9' area of hydrocarbon pollution located on the south side of the west 210bbl oil storage tank.
18. 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.
19. 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.
20. By discharging without a permit, Respondent violated Statewide Rule 8(d)(1).
21. Respondent's violation of Statewide Rule 8(d)(1) is serious and a hazard to the public health and safety, in that unpermitted discharges of oil and gas waste can contaminate the land surface, affect the health of humans and animals, and may eventually be discharged to the surface or subsurface waters, causing pollution.
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 TEX. NAT. RES. CODE, Chapters 89 and 91.
4. Respondent is in violation of Statewide Rules 8(d)(1), and 14(b)(2). 16 TEX. ADMIN. CODE §§ 3.8(d)(1), and 3.14(b)(2).
5. Statewide Rule 14(b)(2) requires the commencement of plugging operations on each dry or inactive well within one year after drilling or operations cease, unless the operator is eligible for and obtains an extension of the plugging deadline. Statewide Rule 14(c)(2), as to any well for which the most recent Commission-approved operator designation form was filed prior to September 1, 1997, the entity designated as operator on that form is presumed to be the entity responsible for the physical operation and control of the well and to be the entity responsible for properly plugging the well in accordance with Statewide Rule 14 and all other applicable Commission rules and regulations concerning plugging of wells. The presumption of responsibility may only be rebutted at a hearing called for the purpose of determining plugging responsibility.
6. 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.

7. 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).
8. Statewide Rule 8(d)(1) captioned "Pollution Control", requires persons disposing of oil and gas wastes by any method to have a permit to do so unless authorized under subsection (d)(3) or (e) of Statewide Rule 8, or under Statewide Rule 9, 46, or 98. Oil and gas wastes are defined in Statewide Rule 8(a)(26) to include materials to be disposed of or reclaimed, which have been generated in connection with activities associated with the exploration, development, and production of oil or gas. These materials include but are not limited to "saltwater, other mineralized water, sludge, spent drilling fluids, cuttings, waste oil, spent completion fluids, and other liquid, semi-liquid, or solid waste material." "To dispose" is defined in Statewide Rule 8(a)(24) to include "conducting, draining, discharging, emitting, throwing, releasing, depositing, burying, landfarming, or allowing to seep, or to cause or allow any such acts of disposal."
9. 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.
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 continue constituting a separate violation.
11. An assessed administrative penalty in the amount of **SEVEN THOUSAND, ONE HUNDRED SIXTEEN DOLLARS (\$7,115.50)** is justified considering the facts and violations at issue.
12. 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, Ensor, James Caleb, Hart, Casey, and Russell, Justin K., 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. Prensorus Energy, LLC (Operator No. 676080) shall place the Young, Wayne S. (11199) Lease, Well No. 2, in compliance with Statewide Rules 14(b)(2), 8(d)(1), and any other applicable Commission rules and statutes.
2. Prensorus Energy, LLC (Operator No. 676080) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SEVEN THOUSAND, ONE HUNDRED SIXTEEN DOLLARS (\$7,115.50)**.

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, Ensor, James Caleb, Hart, Casey, and Russell, Justin K., 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 15th day of August, 2017.

RAILROAD COMMISSION OF TEXAS

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

RML/jm