

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 08-0302192**

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**ENFORCEMENT ACTION AGAINST SATANTA OIL COMPANY (OPERATOR NO. 748744) FOR VIOLATIONS OF STATEWIDE RULES ON THE ERWIN (22478) LEASE, WELL NO. 1, WESTBROOK FIELD, MITCHELL 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 September 21, 2017, and that the respondent, Satanta Oil Company, failed to appear or respond to the Notice of Opportunity for Hearing. Pursuant to § 1.25 of the Commission's General Rules of Practice and Procedure, 16 TEX. ADMIN. CODE § 1.25, 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. Satanta Oil Company ("Respondent"), Operator No. 748744, 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—Carl W. Harman and Leslie Parsons Harman—were sent the Original Complaint and Notice of Opportunity for Hearing by certified and first-class mail, addressed to their last known addresses.
2. The certified mail envelopes containing the Original Complaint and Notice of Opportunity for Hearing addressed to Respondent, Carl W. Harman and Leslie Parson Harman were received on August 15, 2017. No first-class mail was 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 August 28, 2017, Respondent, a corporation, filed a Form P-5 reporting that its officers consist of the following individuals: Carl W. Harman, President; and Leslie Parsons Harman, Secretary/Treasurer.
4. Carl W. Harman 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. Leslie Parsons Harman 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 active. Respondent had a \$50,000 letter of credit 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 Erwin (22478) Lease, Well No. 1, by filing a Commission Form P-4 *Certificate of Compliance and Transportation Authority*, effective October 1, 2002.
8. Commission inspection reports made on September 14, 15, 19, 20, 27 and 28, 2016 for the Erwin (22478) Lease show that a produced water storage tank had overflowed, causing a produced water spill which entered a fresh water stock pond measuring approximately 200 feet in diameter.
9. Discharges, in violation of Statewide Rule 8(b), reduce the available supplies of usable fresh water and reduce the quality of the affected water.
10. Commission inspection reports made on September 14, 15, 19, 20, 27 and 28, 2016 for the Erwin (22478) Lease show that a produced water storage tank had overflowed, causing a produced water spill. The spill entered a fresh water stock pond measuring approximately 200 feet in diameter, and the total area affected by the spill measured approximately 22 acres. Commission inspection reports made on October 28, 2016, March 28, 2017, April 5, 2017, July 13, 2017 and July 19, 2017 show that Respondent has not completed remediation of the affected area.
11. 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.
12. 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.
13. A Commission inspection report made on September 14, 2016 for the Erwin (22478) Lease show that a produced water storage tank had overflowed, causing a produced water spill. The Commission was notified of the spill through a complaint received by a landowner. The inspection report notes that Respondent was on site; however, Commission records do not indicate that Respondent provided timely notice of the spill.
14. Unreported discharges, in violation of Statewide Rule 20(a)(1), may result in improper or inadequate clean-up of the affected areas which can cause

contamination of land surface and may eventually be discharged to surface or subsurface waters, causing pollution.

15. 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 chs. 89 and 91.
4. Respondent is in violation of Statewide Rules 8(b), 8(d)(1) and 20(a)(1). 16 TEX. ADMIN. CODE §§ 3.8(b), 3.8(d)(1) and 3.20(a)(1).
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(b), which prohibits person from conducting activities subject to regulation by the Commission which causes or allows pollution of surface or subsurface water in the state.
7. 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.
8. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 20(a), which requires that operators immediately provide notice to the appropriate Commission district office by telephone or telegraph of a fire, leak, spill or break.
9. 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.

10. An assessed administrative penalty in the amount of **TWENTY-ONE THOUSAND DOLLARS (\$21,000.00)** is justified considering the facts and violations at issue.
11. 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, Carl W. Harman and Leslie Parsons Harman, and any other organization in which either of these individuals may hold a position of ownership or control, is subject to the restriction in TEX. NAT. RES. CODE § 91.114(a)(2).

### **Ordering Provisions**

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

1. Satanta Oil Company (Operator No. 748744) shall place the Erwin (22478) Lease, Well No. 1, in compliance with Statewide Rules 8(b), 8(d)(1) and 20(a)(1), and any other applicable Commission rules and statutes.
2. Satanta Oil Company (Operator No. 748744) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY-ONE THOUSAND DOLLARS (\$21,000.00)**.

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, Carl W. Harman and Leslie Parsons Harman, 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 per day per violation.

Done this 7<sup>th</sup> day of November 2017.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master  
Order dated November 7, 2017)

JNC/rnf