

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 09-0297659**

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**ENFORCEMENT ACTION AGAINST PGI OPERATING, LLC (OPERATOR NO. 630825) FOR VIOLATIONS OF STATEWIDE RULES ON THE WAGGONER -A- (05143) LEASE, WELL NOS. 1, 3, AND 4, WICHITA COUNTY REGULAR FIELD, WICHITA 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 October 12, 2017, and that the respondent, PGI Operating, LLC, 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. PGI Operating, LLC ("Respondent"), Operator No. 630825, 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—Masmarijanto Soedarsono and Soegardjito Sosromihardjo—were sent the Original Complaint and Notice of Opportunity for Hearing by certified and first-class mail, addressed to the last known addresses.
2. The certified mail envelopes containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent (two different addresses) were returned to the Commission unopened on September 11, 2017 and September 15, 2017. The Certified Mail envelopes addressed to Masmarijanto Soedarsono (two different addresses) and Soegardjito Sosromihardjo were returned to the Commission unopened on September 11, 2017, September 19, 2017, and September 15, 2017 respectively. The first-class mail envelopes addressed to Respondent (two different addresses), Masmarijanto Soedarsono (two different addresses), and Soegardjito Sosromihardjo were returned to the Commission on September 18, 2017, September 22, 2017, September 18, 2017, September 18, 2017, September 22, 2017, respectively. 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 6, 2014, Respondent, a limited liability company, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Masmarijanto Soedarsono, Manager and Soegardjito Sosromihardjo, Manager.
4. Masmarijanto Soedarsono 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. Soegardjito Sosromihardjo 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 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 Waggoner -A- (05143) Lease, Well Nos. 1, 3, and 4, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective June 20, 2014, approved June 26, 2014.
8. A Commission inspection report made on November 10, 2015, for the Waggoner -A- (05143) Lease show that the signs or identification required to be posted at the lease entrance was missing required information.
9. Commission inspection reports made on January 20, 2015, March 24, 2015, July 13, 2015, and November 10, 2015 for the Waggoner -A- (05143) Lease, Well No. 1 show that the signs or identification required to be posted at the well location did not display the correct well number. A Commission inspection report made on February 3, 2016 for the Waggoner -A- (05143) Lease, Well No. 1 shows that the signs or identification required to be posted at the well location were missing.
10. Commission inspection reports made on September 3, 2014, October 1, 2014, January 30, 2015, March 24, 2015, July 13, 2015, November 10, 2015, and February 3, 2016 for the Waggoner -A- (05143) Lease, Well No. 4 show that the signs or identification required to be posted at the well locations were missing.
11. Commission inspection reports made on January 30, 2015, March 24, 2015, July 13, 2015, and November 10, 2015 for the Waggoner -A- (05143) Lease show that the signs or identification required to be posted at the tank battery did not include the number of acres in the property or the Commission lease number. Commission inspection reports made on September 3, 2015 and February 3, 2016 show that the signs or identification required to be posted at the tank battery were missing.
12. The lack of legible signs and identification displaying correct information, as set forth in Statewide Rules 3(1), 3(2), 3(3), 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.

13. Commission inspection reports made on January 20, 2015, March 24, 2015, and July 13, 2015 for the Waggoner -A- (05143) Lease show unpermitted discharge of oil and gas waste near Well No. 1, where three areas of hydrocarbon soaked soil were found. The unpermitted discharges originated from a nearby discarded leaking transport vehicle.
14. Commission inspection reports made on January 30, 2015, March 24, 2015, July 13, 2015, and November 10, 2015 for the Waggoner -A- (05143) Lease show unpermitted discharge of oil and gas waste at the tank battery where three areas of heavily stained hydrocarbon soaked soil were found.
15. 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.
16. 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.
17. Commission district inspection reports made on September 3, 2014, October 1, 2014, January 30, 2015, March 24, 2015, July 13, 2015, November 10, 2015, and February 3, 2016 for the Waggoner -A- (05143) Lease show that Well No. 3 had casing open to the atmosphere.
18. Wells left uncontrolled or open to the atmosphere, in violation of Statewide Rule 13(a)(6)(A), may discharge oil and gas waste onto the land surface and affect the health of humans and animals; these discharges may eventually make their way to surface or subsurface waters, causing pollution.
19. Commission inspection reports made on June 19, 2014, July 7, 2014, September 3, 2014, October 1, 2014, January 30, 2015, March 24, 2015, July 13, 2015, and November 10, 2015, and the absence of reported production since May 2014, showed that the Waggoner -A- (05143) Lease, Well Nos. 1, and 3 have been inactive for a period greater than one year. Production from the subject lease ceased on or before June 2014.
20. The subject wells were plugged using state funds. The Commission expended funds in the amount of \$6,870.00 in the plugging of the wells. Plugging operations were completed on August 19, 2016
21. The Respondent charged with the violation herein recited has the following prior violations of Commission rules in Docket No. 09-0290411; order signed August 25, 2015.

### **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 3(1), 3(2), 3(3), 8(d)(1), 13(a)(6)(A), and 14(b)(2). 16 TEX. ADMIN. CODE §§ 3.3(1), 3.3(2), 3.3(3), 3.8(d)(1), 3.13(a)(6)(A), and 3.14(b)(2).
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 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 lease 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 lease in compliance with Statewide Rule 3(3), which requires that each tank battery that produces oil, gas, or geothermal resources shall post signs or identification showing the name of the property, commission lease number, name of the operator, number of acres in the property and if commingled, include the commingling permit number.
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. Respondent is responsible for maintaining surface control of a well by using wellhead assemblies in compliance with Statewide Rule 13(a)(6)(A). Maintenance of surface control is necessary not only to prevent fluids from being discharged from the wellbore onto the ground surface, but also to prevent any oil and gas wastes present in the wellbore from being displaced to surface by influxes of surface water into the open wellbore.
11. 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.

12. 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.
13. Pursuant to TEX. NAT. RES. CODE §§ 89.043, 89.046, and 89.083, the Commission may assess the Respondent with actual costs incurred in plugging wells which until plugged by the Railroad Commission, caused or were likely to cause a serious threat of pollution or injury to the public health, and for which, under TEX. NAT. RES. CODE §§ 89.002, 89.011, and 85.161 and 16 TEX. ADMIN. CODE S 3.58(a)], Respondent is the person responsible for the captioned lease and reimbursement of the funds expended by the Commission on the Waggoner -A- (05143) Lease.
14. An assessed administrative penalty in the amount of **EIGHTEEN THOUSAND, FOUR HUNDRED TWENTY-ONE DOLLARS (\$18,421.00)** is justified considering the facts and violations at issue and reimbursement of State managed funds expended to plug the subject wells in the amount of **SIX THOUSAND, EIGHT HUNDRED SEVENTY DOLLARS (6,870.00)** is also required.
15. 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, Masmarijanto Soedarsono and Soegardjito Sosromihardjo, 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).

### ORDERING PROVISIONS

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

1. PGI Operating, LLC (Operator No. 630825) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **EIGHTEEN THOUSAND, FOUR HUNDRED TWENTY-ONE DOLLARS (\$18,421.00)**.
2. PGI Operating, LLC (Operator No. 630825) shall reimburse the Railroad Commission of Texas for State managed funds expended to plug the subject wells as provided by law, in the amount of **SIX THOUSAND, EIGHT HUNDRED SEVENTY DOLLARS (6,870.00)**.

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, Masmarijanto Soedarsono and Soegardjito Sosromihardjo, 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 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 5<sup>th</sup> day of December 2017.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master  
Order dated December 5, 2017)

CJH/dac