

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7B-0305456

ENFORCEMENT ACTION AGAINST SUNDANCE CONSULTING CORP. (OPERATOR NO. 829459) FOR VIOLATIONS OF STATEWIDE RULES ON THE ANDREWS, FRANK (15659) LEASE, WELL NOS. 1, 3, 4, 5, 6, 7, 8, 10, 11, 13, 15, 16, 17, 19, 20, 21, 24, 26, 27, 28, 31, 32, 33, 34, 35, 36, 37, 38, 41, 42, 43, 44, 45, 46, 47, AND 49, SHACKELFORD COUNTY REGULAR FIELD, 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 September 14, 2017, and that the respondent, Sundance Consulting Corp., 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. Sundance Consulting Corp. ("Respondent"), Operator No. 829459, 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—Dennis M. White and Sherry White—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 envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent was returned to the Commission unopened on August 28, 2017. The Certified Mail envelopes addressed to Dennis M. White and Sherry White were returned to the Commission unopened on August 22, 2017 and August 28, 2017, respectively. The first-class mail envelope addressed to Dennis M. White was returned to the Commission on August 14, 2017. The first-class mail envelopes addressed to Respondent and Sherry White were 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 February 17, 2016, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Dennis Manning White, Pres and Sherry P. White, VP/Sec.

4. Dennis M. White 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. Sherry P. White 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. Respondent designated itself to the Commission as the operator of the Andrews, Frank (15659) Lease, Well Nos. 1, 3, 4, 5, 6, 7, 8, 10, 11, 13, 15, 16, 17, 19, 20, 21, 24, 26, 27, 28, 31, 32, 33, 34, 35, 36, 37, 38, 41, 42, 43, 44, 45, 46, 47, and 49, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective April 1, 2002, approved April 18, 2002.
8. Commission inspection reports made on April 20, 2017 and May 31, 2017 for the Andrews, Frank (15659) Lease show that the signs or identification required to be posted at the lease entrance was illegible.
9. Commission inspection reports made on April 20, 2017 and May 31, 2017 for the Andrews, Frank (15659) Lease, Well Nos. 3, 4, 5, 6, 7, 8, 10, 11, 16, 21, 24, 27, 31, 33, 37, 38, 41, 42, 43, 45, 46, and 47, show that the signs or identification required to be posted at the well locations were either missing, displayed incorrect operator information, or were illegible.
10. 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.
11. Commission inspection reports made on April 20, 2017 and May 31, 2017 for the Andrews, Frank (15659) Lease show dry workover pits at Well Nos. 3, 6, 7, 1, 33, and 42. The same inspection reports show workover pits containing standing water at Well Nos. 10 and 34. No reported workovers, re-entries, or subsequent operations have taken place on the subject wells within the last twelve months.
12. Completion/workover pits used when completing or working over a well that are not maintained, emptied and backfilled, as set forth 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.
13. Commission district inspection reports made on April 20, 2017 and May 31, 2017 for the Andrews, Frank (15659) Lease show Well Nos. 3, 4, 6, 7, 8, 10, 11, 15, 16, 19, 20, 21, 24, 31, 33, 37, 38, 41, 42, 43, 44, 45, and 46, open to the atmosphere and lacking surface control. The inspection reports show the casing head open to the atmosphere on Well Nos. 4, 11, 16, 20, 24, 41, 42, 43, 44, and 45. The same inspection reports show the tubing open to the atmosphere on Well Nos. 21, 31,

- 33, 38, and 46. The inspection reports also show a two-inch nipple attached to the casing head open to the atmosphere on Well No. 3; no wellhead attached to the casing and well open to the atmosphere on Well Nos. 6 and 8; the casing open to the atmosphere on Well No. 7; the flowline connected to the casing open to the atmosphere on Well No. 10; a two-inch nipple on the pumping tee open to the atmosphere on Well No. 15; no casing head on the casing and well open to the atmosphere on Well No. 19; and a two-inch connection in the pumping tee open to the atmosphere on Well No. 37.
14. 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.
 15. Commission inspection reports made on April 20, 2017 and May 31, 2017, and the absence of reported production since May 2016, showed that the Andrews, Frank (15659) Lease, Well Nos. 1, 3, 4, 5, 6, 7, 8, 10, 11, 13, 15, 16, 17, 19, 20, 21, 24, 26, 27, 28, 31, 32, 33, 34, 35, 36, 37, 38, 41, 42, 43, 44, 45, 46, 47, and 49 have been inactive for a period greater than one year. Production from the subject lease ceased in May 2016.
 16. 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.
 17. 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.
 18. The total estimated cost to the State for plugging the Andrews, Frank (15659) Lease Well Nos. 1, 3, 4, 5, 6, 7, 8, 10, 11, 13, 15, 16, 17, 19, 20, 21, 24, 26, 27, 28, 31, 32, 33, 34, 35, 36, 37, 38, 41, 42, 43, 44, 45, 46, 47, and 49 is \$108,809.57.
 19. Commission inspection reports made on April 20, 2017, and May 31, 2017, for the Andrews, Frank (15659) Lease, show Respondent failed to properly screen the open-top produced-water tank found on the lease. The inspector noted "floating hydrocarbons" along with other fluids present inside the tank at the time of the April 20, 2017, inspection.
 20. Failing to properly screen or take other protective measures, as set forth in Statewide Rule 22(b), regarding open-top tanks, skimming pits, and/or collecting pits can cause harm to birds.
 21. Commission inspection reports made on April 20, 2017, and May 31, 2017, for the Andrews, Frank (15659) Lease, show Well No. 16 (UIC No. 94267) unequipped

with a pressure observation valve on the casing head and Well No. 42 (UIC No. 55252) unequipped with a pressure observation valve on the casing.

22. Failing to follow safety precautions, as set forth in Statewide Rule 46(g)(2), can cause a hazard to the public health and safety. Pressure on the annulus of an injection well indicates a possible pollution hazard to usable water if leaks in the wellbore allow communication between the injected saltwater and usable water. Without operable observation valves, pressure on the annulus cannot be detected.
23. The Respondent has a prior history of violations of Commission Rules: Oil & Gas Docket No. 7B-0264103 – Statewide Rules 8(d)(1), 14(b)(2), 14(b)(3), and 16(b); and Oil & Gas Docket No. 7B-0282131 – Statewide Rule 14(b)(2).

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), 8(d)(4)(H)(i)(I), 13(a)(6)(A), 14(b)(2), and 22. 16 TEX. ADMIN. CODE §§ 3.3(1), 3.3(2), 3.3(3), 3.8(d)(4)(H)(i)(I), 3.13(a)(6)(A), 3.14(b)(2), and 3.22.
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 for each property that produces oil, gas or geothermal resources and each oil, gas or geothermal resource well and tank, or other approved crude oil measuring facility, a sign shall be posted at the principal entrance which shall show the name by which the property is carried on the records of the Commission, the name of the operator, and the number of acres in the property.
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 8(d)(4)(H)(i)(III), which requires a person who maintains or uses

- a completion or workover pit in conjunction with completing or working over a well to dewater the pit within 30 days and backfill and compact the pit within 120 days of completion of the well.
9. 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.
 10. 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.
 11. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 22(b), which requires operators to screen, net, cover, or otherwise render designated categories of open-top tanks, skimming pits, and collecting pits harmless to birds.
 12. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 46(g)(2), which provides that, for all wells injecting into productive reservoirs, the wellhead shall be equipped with a pressure observation valve on the tubing and for each annulus of the well.
 13. 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.
 14. An assessed administrative penalty in the amount of **ONE-HUNDRED SEVENTY-SEVEN THOUSAND THREE HUNDRED FORTY-NINE DOLLARS (\$177,349.00)** is justified considering the facts and violations at issue.
 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, Dennis Manning White and Sherry P. White, 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. Sundance Consulting Corp. (Operator No. 829459) shall place the Andrews, Frank (15659) Lease, Well Nos. 1, 3, 4, 5, 6, 7, 8, 10, 11, 13, 15, 16, 17, 19, 20, 21, 24, 26, 27, 28, 31, 32, 33, 34, 35, 36, 37, 38, 41, 42, 43, 44, 45, 46, 47, and 49, in compliance with Statewide Rules 3(1), 3(2), 8(d)(4)(H)(i)(III), 13(a)(6)(A), 14(b)(2), 22(b), and 46(g)(2), and any other applicable Commission rules and statutes.
2. Sundance Consulting Corp. (Operator No. 829459) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **ONE-HUNDRED SEVENTY-SEVEN THOUSAND THREE HUNDRED FORTY-NINE DOLLARS (\$177,349.00)**.

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, Dennis Manning White and Sherry P. White, 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 5th day of December 2017.

RAILROAD COMMISSION OF TEXAS

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

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Final Order

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