

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 09-0298414

ENFORCEMENT ACTION AGAINST HARTFORD ENERGY, INC. (OPERATOR NO. 362921) FOR VIOLATIONS OF STATEWIDE RULES ON THE JACKS A.C. LEASE, WELL NO. 12 (DRILLING PERMIT NO. 768367), YOUNG COUNTY REGULAR FIELD, YOUNG COUNTY; JACKS A.C. LEASE, WELL NO. 25 (DRILLING PERMIT NO. 768372), YOUNG COUNTY REGULAR FIELD, YOUNG COUNTY; AND JACKS A.C. LEASE, WELL NO. 7 (DRILLING PERMIT NO. 768999), YOUNG COUNTY REGULAR FIELD, YOUNG 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 October 26, 2017, and that the respondent, Hartford Energy, Inc., failed to appear or respond to the **Notice of 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. Hartford Energy, Inc. ("Respondent"), Operator No. 362921, 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—Carla Jo Maloy—was sent the Original Complaint and Notice of Hearing by certified and first-class mail, addressed to the last known address. Respondent's resident agent as identified on the Form P-5—Kelly Hunter—was sent the Original Complaint and Notice of Hearing by certified and first-class mail, addressed to the last known address.
2. The certified mail envelope and first-class mail envelopes containing the Original Complaint and Notice of Hearing addressed to the Respondent in Graham, Texas, Carla J. Maloy and Kelly Hunter were returned to the Commission unopened on August 22, 2017. The certified mail envelope containing the Original Complaint and Notice of Hearing addressed to Respondent in Cashion, Oklahoma, was delivered on July 29, 2017. The first-class mail envelope 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. On June 11, 2013, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officer consists of the following individual: Carla Jo Maloy, President, Vice President.
4. Carla Jo Maloy 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 \$50,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.
6. Respondent designated itself to the Commission as the operator of the Jacks A.C. Lease, Well No. 12 (Drilling Permit No. 768367), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective August 15, 2013, approved August 20, 2013.
7. Respondent designated itself to the Commission as the operator of the Jacks A.C. Lease, Well No. 25 (Drilling Permit No. 768372), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective August 15, 2013, approved September 4, 2013.
8. Respondent designated itself to the Commission as the operator of the Jacks A.C. Lease, Well No. 7 (Drilling Permit No. 768999), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective August 27, 2013, approved August 29, 2013.
9. Commission inspection reports made on August 27, 2015 and September 15, 2015 for the Jacks A.C. Lease, Well No. 25 (Drilling Permit No. 768372), show that the signs or identification required to be posted at the lease entrance was missing required information. The operator name and the number of acres were not posted on the lease entrance sign as required by Statewide Rule 3(1).
10. Commission inspection reports made on August 27, 2015 and September 15, 2015 for the Jacks A.C. Lease, Well No. 12 (Drilling Permit No. 768367), show that the signs or identification required by Statewide Rule 3(2) to be posted at the well was missing.
11. Commission inspection reports made on August 27, 2015 and September 15, 2015 for the Jacks A.C. Lease, Well No. 25 (Drilling Permit No. 768372), show that the signs or identification required by Statewide Rule 3(2) to be posted at the well was missing.
12. Commission inspection reports made on August 27, 2015 and September 15, 2015 for the Jacks A.C. Lease, Well No. 7 (Drilling Permit No. 768999), show that the signs or identification required by Statewide Rule 3(2) to be posted at the well was missing.
13. 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.
14. Commission district inspection reports made on August 27, 2015 and September 15, 2015 for the Jacks A.C. Lease, Well No. 25 (Drilling Permit No. 768372), show that casing is open to the atmosphere.
 15. 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.
 16. Commission District inspection reports made on August 23, 2013, August 27, 2015 and September 15, 2015, and the absence of production reports filed by Respondent since issuance of the drilling permit on August 20, 2013, show the Jacks A.C. Lease, Well No. 12 (Drilling Permit No. 768367), has been inactive for more than one year.
 17. Commission District inspection reports made on September 9, 2013, August 27, 2015 and September 15, 2015, and the absence of production reports filed by Respondent since issuance of the drilling permit on September 4, 2013, show the Jacks A.C. Lease, Well No. 25 (Drilling Permit No. 768372), has been inactive for more than one year.
 18. Commission District inspection reports made on September 9, 2013, August 23, 2013, August 27, 2015 and September 15, 2015, and the absence of production reports filed by Respondent since issuance of the drilling permit on August 29, 2013, show the Jacks A.C. Lease, Well No. 7 (Drilling Permit No. 768999), has been inactive for more than one year.
 19. Commission records show State funds were expended for the plugging of the subject wells. The wells were plugged in 2017.
 20. 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.
 21. Commission district inspection reports made on August 27, 2015 and September 15, 2015 for the Jacks A.C. Lease, Well No. 12 (Drilling Permit No. 768367), show that Well No. 12 was completed, with District Office personnel witnessing the setting of surface and production casing on August 23, 2013, but Respondent has not filed the required completion report.
 22. Commission district inspection reports made on August 27, 2015 and September 15, 2015 for the Jacks A.C. Lease, Well No. 25 (Drilling Permit No. 768372), show that Well No. 25 was completed, with District Office personnel witnessing the

setting of surface and production casing on September 9, 2013, but Respondent has not filed the required completion report.

23. Commission district inspection reports made on August 27, 2015 and September 15, 2015 for the Jacks A.C. Lease, Well No. 7 (Drilling Permit No. 768999), show that Well No. 7 was completed, with District Office personnel witnessing the setting of surface and production casing on September 9, 2013, but Respondent has not filed the required completion report.
24. 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 re-plugging, recompletion, reworking, or other action.
25. 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 3(1), 3(2), 13(a)(6)(A), 14(b)(2), and 16(b). 16 TEX. ADMIN. CODE §§ 3.3(1), 3.3(2), 3.13(a)(6)(A), 3.14(b)(2), and 3.16(b).
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 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 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 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.
9. 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.
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 \$10,000.00 per day for each violation, with each day such violations continued constituting a separate violation.
12. An assessed administrative penalty in the amount of **TWENTY-ONE THOUSAND, FIVE HUNDRED DOLLARS (\$21,500.00)** 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, Carla Jo Maloy, 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).

ORDERING PROVISIONS

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

Hartford Energy, Inc. (Operator No. 362921) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY-ONE THOUSAND, FIVE HUNDRED DOLLARS (\$21,500.00)**.

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, Carla Jo Maloy, 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 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 23rd day of January 2018.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master
Order dated January 23, 2018)

RML/jnm