

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 7B-0304390**

---

**ENFORCEMENT ACTION AGAINST MESQUITE LAND & MINERALS CO. (OPERATOR NO. 561921) FOR VIOLATIONS OF STATEWIDE RULES ON THE DYER, J. (19196) LEASE, WELL NOS. 1X, 2X, 3, 4, 5, 6, 8, 9, 10, 10A, 12, 13 AND 14, DEANA FAY (COOK SAND) FIELD AND THE DYER, J. (20120) LEASE, WELL NO. 2, SHACKELFORD COUNTY REGULAR FIELD, SHACKELFORD 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 January 25, 2018, and that the respondent, Mesquite Land & Minerals Co., 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. Mesquite Land & Minerals Co. ("Respondent"), Operator No. 561921, 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.
2. A certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent was received on December 11, 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. Respondent designated itself to the Commission as the operator of the Dyer, J. (19196) Lease, Well Nos. 1X, 2X, 3, 4, 5, 6, 8, 9, 10, 10A, 12, 13 and 14, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective November 1, 2004.
4. Respondent designated itself to the Commission as the operator of the Dyer, J. (20120) Lease, Well No. 2, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective January 1, 2008.

5. Commission inspection reports made on December 30, 2016 and February 28, 2017 for the Dyer, J. (19196) Lease show that the signs or identification required to be posted at the lease entrance was missing.
6. Commission inspection reports made on December 30, 2016 and February 28, 2017 for the Dyer, J. (20120) Lease show that the signs or identification required to be posted at the lease entrance was missing.
7. The lack of legible signs and identification displaying correct information, as set forth in Statewide Rule 3(1), 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.
8. Commission inspection reports made on December 30, 2016 and February 28, 2017 for the Dyer, J. (19196) Lease show the following areas of pollution: (1) produced water affecting a 3'x 6" area west of the second tank on the south side of the battery; (2) produced water affecting a 6'x 3' area under the injection pump inside the firewall; (3) hydrocarbons affecting a 9'x 4' area west of the northerly tank; (4) produced water affecting a 6'x 6' area east of the southernly tanks outside of the firewall; and (5) hydrocarbon affecting a 15'x 6' area east of the southernly tanks.
9. Respondent did not have a permit for the discharges, nor were they authorized under Statewide Rules 8(d)(3), 8(e), 9, 46 or 98.
10. 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.
11. Well Nos. 3, 4, 8 and 13 of the Dyer, J. (19196) Lease are permitted injection wells. Commission inspection reports made on December 30, 2016 and February 28, 2017, and either reports filed with the Commission reflecting zero production, or the absence of production reports filed with the Commission since December 2012, and either reports filed with the Commission reflecting zero injection, or the absence of injection reports filed with the Commission since July 2010, show the Dyer, J. (19196) Lease, Well Nos. 1X, 2X, 3, 4, 5, 6, 8, 9, 10, 10A, 12, 13 and 14, have been inactive for a period greater than one year.
12. Commission inspection reports made on December 30, 2016 and February 28, 2017, and either reports filed with the Commission reflecting zero production, or the absence of production reports filed with the Commission since February 1993, show the Dyer, J. (20120) Lease, Well No. 2, has been inactive for a period greater than one year.
13. No workovers, re-entries, or subsequent operations have taken place on the subject wells within the last twelve months; the subject wells have not been properly plugged in accordance with Statewide Rule 14; and no plugging extensions are in effect for the subject well as allowed by Statewide Rule 14.

14. 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.
15. The total estimated cost to the State for plugging the Dyer, J. (19196) Lease Well Nos. 1X, 2X, 3, 4, 5, 6, 8, 9, 10, 10A, 12, 13 and 14 and the Dyer, J. (20120) Lease Well No. 2 is \$78,341.23.
16. 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), 8(d)(1) and 14(b)(2). 16 TEX. ADMIN. CODE §§ 3.3(1), 3.8(d)(1), 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 leases 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 leases 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 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.

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-NINE THOUSAND EIGHT HUNDRED SIXTEEN DOLLARS (\$29,816.00)** is justified considering the facts and violations at issue.

### ORDERING PROVISIONS

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

1. Mesquite Land & Minerals Co. (Operator No. 561921) shall place the Dyer, J. (19196) Lease, Well Nos. 1X, 2X, 3, 4, 5, 6, 8, 9, 10, 10A, 12, 13 and 14 and the Dyer, J. (20120) Lease, Well No. 2, in compliance with Statewide Rules 3(1), 8(d)(1), and 14(b)(2), and any other applicable Commission rules and statutes.
2. Mesquite Land & Minerals Co. (Operator No. 561921) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY-NINE THOUSAND EIGHT HUNDRED SIXTEEN DOLLARS (\$29,816.00)**.

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 100 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 27<sup>th</sup> day of February 2018.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master  
Order dated February 27, 2018)

JNC/rnf