

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET No. 09-0305891

ENFORCEMENT ACTION AGAINST ROCK ENERGY RESOURCES, LLC (OPERATOR NO. 722811) FOR VIOLATIONS OF STATEWIDE RULES ON THE PERKINS (32889) LEASE, WELL NOS. 1, 1L, 2, 2L, 4L, 6L, AND 8, WICHITA COUNTY REGULAR FIELD, WICHITA 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 March 15, 2018, and that the respondent, Rock Energy Resources, 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. Rock Energy Resources, LLC ("Respondent"), Operator No. 722811, 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—James David Jr Norvell and James David Jr Norvell—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 December 4, 2017. The Certified Mail envelope addressed to James David Jr Norvell was returned to the Commission unopened on February 14, 2018. The first-class mail envelope addressed to Respondent was returned to the Commission on December 1, 2017. The first-class mail envelopes addressed to James David Jr Norvell and James David Jr Norvell 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 June 20, 2016, Respondent, a limited liability company, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: James David Jr Norvell, Manager/Owner and James David Jr Norvell, Manager/Owner.
4. James David Jr Norvell 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. James David Jr Norvell 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 Perkins (32889) Lease, Well Nos. 1, 1L, 2, 2L, 4L, 6L, and 8, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective April 1, 2016, approved April 27, 2016.
8. Commission inspection reports made on September 29, 2016, March 6, 2017, May 2, 2017, and June 27, 2017 for the Perkins (32889) Lease show that the signs or identification required to be posted at the lease entrance displayed incorrect information.
9. Commission inspection reports made on September 29, 2016, March 6, 2017, May 2, 2017, and June 27, 2017 for the Perkins (32889) Lease, Well Nos. 1, 1L, 2, 2L, 4L, 6L, and 8 show that the signs or identification required to be posted at the well locations displayed incorrect information.
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 September 29, 2016, March 6, 2017, May 2, 2017, and June 27, 2017, and the absence of reported production since August 2013, showed that the Perkins (32889) Lease, Well Nos. 1, 1L, 2, 2L, 4L, 6L, and 8 have been inactive for a period greater than one year. Production from the subject lease ceased on or before September 2013.
12. 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.
13. 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.
14. The total estimated cost to the State for plugging the Perkins (32889) Lease Well Nos. 1, 1L, 2, 2L, 4L, 6L, and 8 is \$36,288.00.
15. Well No. 2 of the Perkins (32889) Lease is permitted disposal well. Commission District inspection reports made on September 29, 2016, May 2, 2017 and June 27, 2017 for the Perkins (32889) Lease show there is no pressure observation valve on the tubing of Well No. 2.
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), 3(2), 14(b)(2), and 9(9)B). 16 TEX. ADMIN. CODE §§ 3.3(1), 3.3(2), 3.14(b)(2), and 3.9(9)(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 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 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. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 9(9)(B), which requires the operator to equip subject leases and wells with a pressure observation valve.
10. 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.
11. An assessed administrative penalty in the amount of **THIRTY-TWO THOUSAND DOLLARS (\$32,000.00)** is justified considering the facts and violations at issue.
12. 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, James David Jr Norvell and James David Jr Norvell, 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).