

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 09-0308637

**ENFORCEMENT ACTION AGAINST RENEAU OIL CO. (OPERATOR NO. 701746)
FOR VIOLATIONS OF STATEWIDE RULES ON THE CAMPBELL, ZINN (18008)
LEASE, WELL NOS. 9, 38, 44, 72, 105, 108, 118, AND 119, ARCHER COUNTY
REGULAR FIELD, ARCHER 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 April 19, 2018, and that the respondent, Reneau Oil 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. Reneau Oil Co. ("Respondent"), Operator No. 701746, 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") addresses. Respondent's officers as identified on the Form P-5—Patricia R. Arnold and Stephen A. Joyce—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 were received on March 7, 2018. The Certified Mail envelopes addressed to Patricia R. Arnold and Stephen A. Joyce at the post office box were received on March 7, 2018. The Certified Mail envelopes addressed to Patricia R. Arnold on 7th Street and Stephen A. Joyce on CO Road 14 were received on March 6, 2017 and March 7, 2018, respectively. None of the first-class mail was 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 January 10, 2018, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Patricia R. Arnold, President and Stephen A. Joyce, Vice President.

4. Patricia R. Arnold 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. Stephen A. Joyce 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 active-ext. Respondent had a \$250,000.00 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 Campbell, Zinn (18008) Lease, Well Nos. 9, 38, 44, 72, 105, 108, 118, and 119, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective July 1, 2002, approved September 25, 2002.
8. A Commission District inspection report made on March 20, 2017 for the Campbell, Zinn (18008) Lease, Well No. 9 showed that the sign or identification required by Statewide Rule 3(2), [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.3(2)], to be posted at the well was missing. Subsequent inspection reports made on August 17, 2017, October 3, 2017, October 11, 2017, and December 11, 2017 showed that a sign had been posted but had failed to correctly identify the well using GPS numbers.
9. A Commission District inspection report made on March 20, 2017, for the Campbell, Zinn (18008) Lease, Well No. 38 showed that the sign or identification required by Statewide Rule 3(2), [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.3(2)], to be posted at the well was missing. A subsequent inspection report made on December 11, 2017 showed that a sign had been posted but contained incorrect GPS identification numbers.
10. A Commission District inspection report made on March 20, 2017, for the Campbell, Zinn (18008) Lease, Well No. 72 show that the sign or identification required by Statewide Rule 3(2), [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.3(2)], to be posted at the well was missing. A subsequent inspection report made on December 11, 2017 showed that a sign had been posted but contained incorrect GPS identification numbers.
11. The lack of legible signs and identification displaying correct information, as set forth in Statewide Rule 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.
12. Commission District inspection reports made on March 20, 2017, August 17, 2017, October 3, 2017, October 11, 2017, and December 11, 2017, for the Campbell, Zinn (18008) Lease, Well No. 9, indicated that Respondent had caused an oil spill affecting an area approximately 12' x 15'. The spill was identified as originating at the tubinghead and production connection for Well No. 9.

13. Commission District inspection reports made on March 20, 2017 and December 11, 2017, for the Campbell, Zinn (18008) Lease, Well No. 105, indicated that Respondent had caused an oil spill with an approximate area of 6' x 8' around the wellhead of Well No. 105.
14. Commission District inspection reports made on March 20, 2017 and December 11, 2017, for the Campbell, Zinn (18008) Lease, Well No. 108, indicated that Respondent had caused an oil spill with an approximate area of 10' x 10' around the wellhead of Well No. 108.
15. Commission District inspection reports made on March 20, 2017 and December 11, 2017, for the Campbell, Zinn (18008) Lease, Well No. 118, indicated that Respondent had caused an oil spill with an approximate area of 12' x 12' around the wellhead of Well No. 118.
16. Commission District inspection reports made on March 20, 2017 and December 11, 2017, for the Campbell, Zinn (18008) Lease, Well No. 119, indicated that Respondent had caused an oil spill with an approximate area of 15' x 15' around the wellhead of Well No. 119.
17. 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.
18. 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.
19. Commission district inspection reports made on March 20, 2017, August 17, 2017, October 3, 2017, October 11, 2017, and December 11, 2017, for the Campbell, Zinn (18008) Lease show that the casing and tubing at Well No. 9 is open to the atmosphere.
20. 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.
21. Commission records indicate that the H-5 Mechanical Integrity Test performed on April 4, 2017 for Well No. 44 of the Campbell, Zinn (18008) Lease, failed. The previous MIT test performed on this well occurred on April 7, 2011.
22. Disposal/injection wells must pass a pressure test at least once every five years, or as required by permit, to show that the well is not leaking, the waste is being confined to the permitted injection interval, and that the usable quality water zones are properly isolated. Any injection of fluid down a wellbore could be a potential source of pollution. Without testing and supporting documentation, as required by Statewide Rule 46(j), the Commission cannot determine if a well poses a threat to natural resources.

23. 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(2), 8(d)(1), 13(a)(6)(A), and 46(j)(3)(A). 16 TEX. ADMIN. CODE §§ 3.3(2), 3.8(d)(1), 3.13(a)(6)(A), and 3.46(j)(3)(A).
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(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.
7. 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.
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 lease in compliance with Statewide Rule 46(j)(3)(A), which requires a passing mechanical integrity test every five years.
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 **ELEVEN THOUSAND, SEVEN HUNDRED FORTY-FIVE DOLLARS (\$11,745.00)** 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, Patricia R. Arnold and Stephen A. Joyce, 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. Reneau Oil Co. (Operator No. 701746) shall place the Campbell, Zinn (18008) Lease, Well Nos. 9, 38, 44, 72, 105, 108, 118, and 119, in compliance with Statewide Rules 3(2), 8(d)(1), 13(a)(6)(A), and 46(j)(3)(A), and any other applicable Commission rules and statutes.
2. Reneau Oil Co. (Operator No. 701746) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **ELEVEN THOUSAND, SEVEN HUNDRED FORTY-FIVE DOLLARS (\$11,745.00)**.

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, Patricia R. Arnold and Stephen A. Joyce, 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 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 22nd day of May 2018.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master
Order dated May 22, 2018)

CJH/dac