

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0308928

ENFORCEMENT ACTION AGAINST BELLOWS OPERATING CO., L. C. (OPERATOR NO. 063857) FOR VIOLATIONS OF STATEWIDE RULES ON THE OWEN LEASE, WELL NO. 1 (RRC ID NO. 262141), ROCKY CREEK (GEORGETOWN) FIELD, DIMMIT 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 July 26, 2018, and that Bellows Operating Co., L. C. ("Respondent"), 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 Texas Administrative Code § 1.25, and after being duly submitted to the Commissioners 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. Respondent, Operator No. 063857, 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. 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 July 9, 2018. The first-class mail 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 September 1, 2016, Respondent, a limited liability company, filed a Form P-5 with the Commission.
4. 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.
5. Respondent designated itself to the Commission as the operator of the Owen Lease, Well No. 1 (RRC ID No. 262141), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective May 19, 2011, approved April 10, 2012.

6. Commission inspection reports made from May 10, 2015 to November 28, 2017, for the Owen Lease, Well No. 1 (RRC ID No. 262141), show Respondent failed to remediate the Owen Lease after a fire destroyed eight 400-barrel fiberglass storage tanks, one fiberglass gun barrel, three metal oil storage tanks that caused an unauthorized discharge of 350 barrels of oil and oil waste stored in the oil storage tanks and fourteen feet of waste water stored in the eight fiberglass tanks.
7. 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.
8. Unpermitted discharge of oil and oil and gas wastes, 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.
9. Commission records indicate the Owen Lease, Well No. 1 (RRC ID No. 262141), was permitted as a saltwater disposal well by Permit No. 13225, on April 22, 2011. A Commission inspection report made on November 28, 2017, and the absence of reported injection since January 2016, show the Owen Lease, Well No. 1 (RRC ID No. 262141), has been inactive for a period greater than one year. Injection into the subject lease ceased in December 2015.
10. No workovers, re-entries, or subsequent operations have taken place on the subject well within the last twelve months and the subject well has not been properly plugged in accordance with Statewide Rule 14, 16 Texas Administrative Code § 3.14. No plugging extensions are in effect for the subject well as allowed by Statewide Rule 14.
11. Usable quality groundwater in the area can become contaminated by migrations or discharges of saltwater and other oil and gas wastes 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.
12. The total estimated cost to the State for plugging the Owen Lease, Well No. 1 (RRC ID No. 262141), is \$21,811.20.
13. Respondent has five previous dockets in which agreed orders have been entered under Docket Nos. 01-0296536, 04-0298766, 04-0296537, 04-0296535, and 01-0298150.

CONCLUSIONS OF LAW

1. The Commission properly noticed 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 Texas Natural Resource Code chapters 89 and 91.
4. 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.
5. 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.
6. Respondent is in violation of Statewide Rules 8(d)(1), and 14(b)(2). See 16 Tex. Admin. Code §§ 3.8(d)(1), and 3.14(b)(2).
7. 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 Texas Natural Resource Code § 81.0531(c).
8. Pursuant to Texas Natural Resource 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.
9. An assessed administrative penalty in the amount of **TWENTY-TWO THOUSAND DOLLARS (\$22,000.00)** 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. Bellows Operating Co., L. C. (Operator No. 063857) shall plug the Owen Lease, Well No. 1 (RRC ID No. 262141), and place the subject leases in compliance with Statewide Rules 8(d)(1), and 14(b)(2), and any other applicable Commission rules and statutes.
2. Bellows Operating Co., L. C. (Operator No. 063857) is hereby assessed administrative penalties owed to the Railroad Commission of Texas, for disposition as provided by law, in the amount of **TWENTY-TWO THOUSAND DOLLARS (\$22,000.00)**.

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 Texas Government Code § 2001.142, by agreement under Texas Government Code § 2001.147, or by written Commission order issued pursuant to Texas Government 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 Texas Government 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 16th day of October 2018.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master
Order dated October 16, 2018)

CJH/dac