

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 03-0306021

ENFORCEMENT ACTION AGAINST LAVACA RIVER OPERATING COMPANY, LLC (OPERATOR NO. 489720) FOR VIOLATIONS OF STATEWIDE RULES ON THE MYSKA, ROBERT LEASE, WELL NO. 4 (DRILLING PERMIT NO. 772097), BOLING FIELD, FORT BEND 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 June 28, 2018, and that the respondent, Lavaca River Operating Company, 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. Lavaca River Operating Company, LLC ("Respondent"), Operator No. 489720, 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 received on April 23, 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 July 22, 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 cash deposit 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 Myska, Robert Lease, Well No. 4 (Drilling Permit No. 772097), by filing a Commission Form W-1 (Application for Permit to Drill, Recomplete, or Re-Enter), received October 18, 2013, approved October 29, 2013.
6. Commission inspection reports made on February 27, 2017 and April 5, 2017 for the Myska, Robert Lease, Well No. 4 (Drilling Permit No. 772097), show that the signs or identification required to be posted at the well location was missing.
7. 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.
8. Commission district inspection reports made on February 27, 2017 and April 5, 2017 for the Myska, Robert Lease, Well No. 4 (Drilling Permit No. 772097), show that Well No. 4 was completed but Respondent has not filed the required completion report, did not file the completion report within ninety days after completion of the well or within one hundred fifty days after the date on which the drilling operation was completed, whichever is earliest, or within thirty days of plugging a dry hole.
9. 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 replugging, recompletion, reworking, or other action.
10. Commission inspection reports made on February 27, 2017 and April 5, 2017 for the Myska, Robert Lease, Well No. 4 (Drilling Permit No. 772097), show that an authorized pit had not been dewatered or backfilled.
11. Reserve pits and mud circulation pits that are not maintained, emptied and backfilled, as set forth in Statewide Rule 8(d)(4)(H)(i)(I), may result in unpermitted discharges of oil and gas waste which can contaminate the land surface, affect the health of humans and animals, and may be discharged to surface or subsurface waters, causing pollution.
12. The Respondent charged with the violation herein recited has previous violations documented under Docket Nos 03-0304352 and 03-0304375 for violations of Statewide Rule 16(b).

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), 16(b), and 8(d)(4)(H)(i)(I). 16 TEX. ADMIN. CODE §§ 3.3(2), 3.16(b), and 3.8(d)(4)(H)(i)(I).
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 16(b), which requires proper completion and plugging reports to be filed timely.
8. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(4)(H)(i)(I), which requires that reserve pits and mud circulation pits be maintained, emptied and backfilled within one year of cessation of drilling operations.
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 **SEVEN THOUSAND, FIVE HUNDRED DOLLARS (\$7,500.00)** 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. Lavaca River Operating Company, LLC (Operator No. 489720) shall place the Myska, Robert (772097) Lease, Well No. 4, in compliance with Statewide Rules 3(2), 16(b), and 8(d)(4)(H)(i), and any other applicable Commission rules and statutes.

2. Lavaca River Operating Company, LLC (Operator No. 489720) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SEVEN THOUSAND, FIVE HUNDRED DOLLARS (\$7,500.00)**.

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 16th day of October 2018.

RAILROAD COMMISSION OF TEXAS

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

CJH/dac