

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 7B-0311880**

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**ENFORCEMENT ACTION AGAINST ALPHA GAMMA ONSHORE, LLC (OPERATOR NO. 015112) FOR VIOLATIONS OF STATEWIDE RULES ON THE MENARD LEASE, WELL NO. 2 (DRILLING PERMIT NO. 815998), SWENSON (CADDO) FIELD, THROCKMORTON COUNTY, TEXAS**

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**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 August 30, 2018, and that the respondent, Alpha Gamma Onshore, 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. Alpha Gamma Onshore, LLC ("Respondent"), Operator No. 015112, 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 August 3, 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 May 3, 2018, Respondent, a limited liability company, filed a Form P-5 with the Commission.
4. Respondent's Form P-5 is active. Respondent had a \$25,000.00 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 Menard Lease, Well No. 2 (Drilling Permit No. 815998), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective June 2, 2016, approved June 1, 2016.

6. Commission inspection reports made on December 29, 2016 and April 10, 2018 for the Menard Lease, Well No. 2 (Drilling Permit No. 815998), 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 Rules 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 district inspection reports made on December 29, 20106 for the Menard Lease, Well No. 2 (Drilling Permit No. 815998), indicated that drilling operations had ceased and that a reserve pit measures 12,500 square feet remained open. Another Commission District Inspection report made on April 10, 2018, indicated that the pit remained open and contained approximately 150 barrels of water with a chloride concentration of 1,185 parts per million.
9. 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.
10. Commission records indicate that Respondent notified the Commission that surface casing had been set on the Menard Lease, Well No. 2 (Drilling Permit No. 815998) on June 16, 2016. Commission records indicate that Respondent did not file the required completion report until May 15, 2018. The completion report was approved on July 18, 2018.
11. 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.
12. 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), 16(b), and 8(d)(4)(H)(i)(I). 16 TEX. ADMIN. CODE §§ 3.3(1), 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(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 8(d)(4)(H)(i)(I), which requires that reserve pits and mud circulation pits which contain fluids with a chloride concentration of 6,100 mg/liter or less and fresh makeup water pits shall be dewatered and backfilled and compacted within one year of cessation of drilling operations.
8. 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.
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 **NINE THOUSAND, ONE HUNDRED TWENTY-FIVE DOLLARS (\$9,125.00)** 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. Alpha Gamma Onshore, LLC (Operator No. 015112) shall place the Menard (815998) Lease, Well No. 2, in compliance with Statewide Rules 3(1), 16(b), and 8(d)(4)(H)(i)(I), and any other applicable Commission rules and statutes.
2. Alpha Gamma Onshore, LLC (Operator No. 015112) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **NINE THOUSAND, ONE HUNDRED TWENTY-FIVE DOLLARS (\$9,125.00)**.

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 30<sup>th</sup> day of October 2018.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master  
Order dated October 30, 2018)

KMR/pbm