

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 03-0312559

ENFORCEMENT ACTION AGAINST HITEX RESOURCES, LP (OPERATOR NO. 390521) FOR VIOLATIONS OF STATEWIDE RULES ON THE MCNEIR, GEORGE P. LEASE, WELL NO. 1 (GAS ID NO. 008361), SMITH POINT, EAST (F-22) FIELD, CHAMBERS 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 October 4, 2018, and that the respondent, HiTex Resources, LP, 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. HiTex Resources, LP ("Respondent"), Operator No. 390521, 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 22, 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. 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.
4. Respondent designated itself to the Commission as the operator of the McNeir, George P. Lease, Well No. 1 (Gas ID No. 008361), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), approved May 17, 2010.
5. Commission district inspection reports made on November 20, 2017, January 2, 2018, February 8, 2018, March 12, 2018, and April 17, 2018 for the McNeir, George P. Lease, (Gas ID No. 008361), show that tanks and piping remained at

the wellsite. The Inspector discovered that one of the tanks contained half-an-inch of semi-hard basic sediment and waste ("bs&w") and another contained salt water. The tank storing the bs&w had leaked oil into the surrounding firewall.

6. A Commission district inspection report made on August 3, 2018, noted that the tanks had been emptied and the discharged oil remediated. The Inspector also noted that a "small amount of work dismantling the top of the production tank on the north side – tank on south side remains fully [intact]."
7. Failing to remove all tanks, vessels, related piping, loose junk and trash as set forth in Statewide Rule 14(d)(12) may cause pollution of surface and subsurface water.
8. 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 Rule 14(d)(12). 16 TEX. ADMIN. CODE § 3.14(d)(12).
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 maintaining the subject lease in compliance with Statewide Rule 14(d)(12), which requires when plugging a well, operators must empty all tanks, vessels, and related piping and flowlines within 120 days of the cessation of plugging operations.
7. 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.
8. An assessed administrative penalty in the amount of **NINE THOUSAND TWO HUNDRED DOLLARS (\$9,200.00)** 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. HiTex Resources, LP (Operator No. 390521) shall place the McNeir, George P. (008361) Lease, in compliance with Statewide Rules 14(d)(12), and any other applicable Commission rules and statutes.
2. HiTex Resources, LP (Operator No. 390521) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **NINE THOUSAND TWO HUNDRED DOLLARS (\$9,200.00)**.

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 13th day of November 2018.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master
Order dated November 13, 2018)

JNC/mls