

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0310871

ENFORCEMENT ACTION AGAINST SPRINGFIELD OIL SERVICES, INC. (OPERATOR NO. 810580) FOR VIOLATIONS OF STATEWIDE RULES ON THE SMALLWOOD, J. L. (66800) LEASE, WELL NOS. 1, 3, AND 4, LEVELLAND FIELD, HOCKLEY 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, Springfield Oil Services, Inc., 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. Springfield Oil Services, Inc. ("Respondent"), Operator No. 810580, 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. Respondent's agent as identified on the Form P-5—CT Corp System—was sent the Original Complaint and Notice of Opportunity for Hearing by certified and first-class mail, addressed to the last known address.
2. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent was received on August 24, 2018. The certified mail envelope addressed to CT Corp System was received on August 23, 2018. No 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. Respondent's Form P-5 is delinquent. Respondent had a \$50,000 bond 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 Smallwood, J. L. (66800) Lease, Well Nos. 1, 3, and 4, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective May 1, 1997.

5. Commission inspection reports made on February 10, 2017, August 14, 2017, October 31, 2017, December 6, 2017, January 10, 2018, February 22, 2018 and August 2, 2018 for the Smallwood, J. L. (66800) Lease, Well Nos. 1, 3, and 4 show that the signs or identification required to be posted at the well locations were missing.
6. 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.
7. Commission inspection reports made on February 10, 2017, August 14, 2017, October 31, 2017, December 6, 2017, January 10, 2018, and February 22, 2018 for the Smallwood, J. L. (66800) Lease show a produced water and oil spill inside the firewall affecting a 16' x 21' around the water tank. An August 2, 2018, inspection now shows an affected area measuring 4' x 11' on the north side of the water tank and 3' x 8' on the east side of the tank, with no clean-up efforts having begun.
8. 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.
9. 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.
10. Commission inspection report made on August 2, 2018, and either zero reported production or the absence of reported production since May 2015, show that the Smallwood, J. L. (66800) Lease, Well Nos. 1, 3, and 4 have been inactive for a period greater than one year. Production from the subject lease ceased on or before June 2015.
11. No workovers, re-entries, or subsequent operations have taken place on the subject wells within the last twelve months; the subject wells have not been properly plugged in accordance with Statewide Rule 14, 16 TEX. ADMIN CODE § 3.14; and no plugging extensions are in effect for the subject wells as allowed by Statewide Rule 14.
12. Usable quality groundwater in the area can become contaminated by migrations or discharges of saltwater and other oil and gas waste 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.
13. The total estimated cost to the State for plugging the Smallwood, J. L. (66800) Lease Well Nos. 1, 3, and 4 is \$119,400.
14. Commission inspection reports made on February 10, 2017, August 14, 2017, October 31, 2017, December 6, 2017, January 10, 2018, February 22, 2018, and

- August 2, 2018, on the Smallwood, J. L. (66800) Lease show that the firewall around the tank battery, which is located within 500 feet of a county road, is worn down and inadequate to contain fluids.
15. Failing to erect a dike or fire wall as required by Statewide Rule 21(j) can cause fires.
 16. Commission inspection reports made on February 10, 2017, August 14, 2017, October 31, 2017, December 6, 2017, January 10, 2018, February 22, 2018, and August 2, 2018, on the Smallwood, J. L. (66800) Lease, show that the net on the open-top tank has fallen below the water line and is no longer effective.
 17. Failing to properly screen or take other protective measures, as set forth in Statewide Rule 22(b), regarding open-top tanks, skimming pits, and/or collecting pits can cause harm to birds.
 18. 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), 14(b)(2), 21(j), and 22(b). 16 TEX. ADMIN. CODE §§ 3.3(2), 3.8(d)(1), 3.14(b)(2), 3.21(j), 3.22(b).
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 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.
9. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 21(j), which requires that dikes or fire walls be erected and kept around all permanent oil tanks or battery of tanks that are within the corporate limits of any city, town or village or where such tanks are closer than 500 feet to any highway or inhabited dwelling or closer than 1,000 feet to any school or church, or where such tanks are located as to be deemed by the Commission to be an objectionable hazard.
10. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 22(b), which requires open-top tanks, skimming pits, and collecting pits to be screened or otherwise rendered harmless to birds.
11. 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.
12. An assessed administrative penalty in the amount of **TWENTY-FIVE THOUSAND FOUR HUNDRED DOLLARS (\$25,400.00)** 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. Springfield Oil Services, Inc. (Operator No. 810580) shall plug the Smallwood, J. L. (66800) Lease, Well Nos. 1, 3, and 4, and place the subject lease in compliance with Statewide Rules 3(2), 8(d)(1), 14(b)(2), 21(j), and 22(b), and any other applicable Commission rules and statutes.
2. Springfield Oil Services, Inc. (Operator No. 810580) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY-FIVE THOUSAND FOUR HUNDRED DOLLARS (\$25,400.00)**.

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/rmf