

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL**

OIL AND GAS DOCKET NO. 7B-0315393

ENFORCEMENT ACTION AGAINST QUEST-TEX ENERGY OP II, LLC (OPERATOR NO. 684645) FOR VIOLATIONS OF STATEWIDE RULES ON THE MARTIN R. D. LEASE, WELL NO. 3 (GAS ID NO. 066861), BRAZOS, EAST (CADDO) FIELD, PARKER COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas (“Commission”) finds that statutory notice and opportunity for hearing, Quest-Tex Energy Op II, LLC (Operator No. 684645) (“Respondent”) failed to file an answer or request a hearing in the captioned proceeding. Pursuant to § 1.25 of the Commission’s General Rules of Practice and Procedure, 16 Texas Administrative Code § 1.25, and being duly submitted to the Commission at an open meeting held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. Respondent’s Organization Report (Organization Report) (“Form P-5”) is delinquent. Respondent had a \$50,000.00 cash deposit on file as financial assurance when it last renewed its Form P-5 on June 1, 2016. Respondent is currently prohibited from renewing its Form P-5 due to multiple outstanding Commission Orders (Oil & Gas Docket Nos. 7B-0307566 and 09-0305238). *See* Tex. Nat. Res. Code § 91.114.
2. Respondent, a limited liability company, named the following individual as an officer of record on its most recently filed Form P-5: Steven E. Looper, Managing Member of Quest-Tex Energy II, LLC.
3. Steven E. Looper was in a position of ownership or control, as defined by Texas Natural Resources Code § 91.114, when Respondent committed the herein specified violations of Commission rules and statutes.
4. Respondent 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 address. Steven E. Looper, Respondent’s officer of record, 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 address for Steven E. Looper.
5. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to Respondent was returned to the Commission unopened on December 13, 2018. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to Steven E. Looper was returned to the Commission unopened on January 7, 2019. The first-class mail envelope addressed to Respondent was

- returned to the Commission on December 19, 2018. The first-class mail envelope addressed to Steven E. Looper was not returned.
6. Record of the delivery and return of certified mail has been on file with the Commission for more than 15 days, exclusive of the date of receipt and date of issuance.
 7. 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.
 8. Respondent is the operator of record of the Martin R. D. Lease, Well No. 3 (Gas ID No. 066861), Brazos, East (Caddo) Field, Parker County, Texas (the "Martin Well") pursuant to a Commission Form P-4 (Certificate of Compliance) on file with the Commission effective February 4, 2016, and approved February 22, 2016.
 9. Commission inspection reports made on April 6, 2018, May 24, 2018, July 12, 2018, and September 17, 2018, for the Martin Well, show that the sign required to be posted at the well site displayed the incorrect operator information.
 10. Commission inspection reports made on April 6, 2018, May 24, 2018, July 12, 2018, and September 17, 2018, for the Martin Well, show that the sign required to be posted at the tank battery displayed the incorrect operator information.
 11. The lack of signs and identification, as required by Statewide Rules 3(2) and 3(3), 16 Texas Administrative Code §§ 3.3(2)-(3), may cause confusion in the event of a pollution or safety violation, or another emergency; without correct operator or location information, efforts to contain and/or remediate the violation or emergency may be substantially delayed.
 12. Commission inspection reports made on May 24, 2018, July 12, 2018, and September 17, 2018, and the absence of reported production since July 2015, show that the Martin Well has been inactive for a period greater than one year.
 13. No workovers, re-entries, or subsequent operations have taken place on the captioned well within the last twelve months; the captioned well has not been properly plugged in accordance with Statewide Rule 14(b)(2), 16 Texas Administrative Code § 3.14. No plugging extensions are in effect for the subject well.
 14. Unplugged wellbores, in violation of Statewide Rule 14(b)(2), 16 Texas Administrative Code § 3.14(b)(2), are likely to cause pollution of usable quality ground water and surface water by serving as a conduit for the passage of oil, gas, saltwater, and other substances from one stratum or formation to another, or to the surface, or from the surface downward.
 15. The estimated cost to the State to plug the Martin Well is \$19,700.00.
 16. Respondent has a history of Commission statute and rule violations: Oil & Gas Docket No. 7B-0307566 and Oil & Gas Docket No. 09-0305238.

CONCLUSIONS OF LAW

1. Proper notice was issued to Respondent and all other persons legally entitled to notice.
2. The Commission has jurisdiction over Respondent pursuant to Texas Natural Resources Code §§ 81.051-.052, 91.101, and Chapters 85, 89, and 91.
3. Respondent is responsible for maintaining the subject property in compliance with all applicable Commission rules and Texas Natural Resources Code, Chapters 89 and 91.
4. Respondent is in violation of Statewide Rules 3(2), 3(3), and 14(b)(2). 16 Tex. Admin. Code §§ 3.3(2), 3.3(3), and 3.14(b)(2).
5. The documented violations committed by Respondent are serious, a hazard to the public health and safety, and demonstrate a lack of good faith as defined by Texas Natural Resources Code § 81.0531(c).
6. Respondent is responsible for maintaining the subject property in compliance with Statewide Rule 3(2), 16 Texas Administrative Code § 3.3(2), which requires that each well site productive of oil, gas, or geothermal resources post a sign showing the name of the property, the name of the operator, and the well number.
7. Respondent is responsible for maintaining the subject property in compliance with Statewide Rule 3(3), 16 Texas Administrative Code § 3.3(3), which requires that each tank battery productive of oil, gas, or geothermal resources post signs or identification showing the name of the property, commission lease number, name of the operator, number of acres in the property, and, if commingled, the commingling permit number.
8. Respondent is responsible for maintaining the subject property in compliance with Statewide Rule 14(b)(2), 16 Texas Administrative Code § 3.14(b)(2), which requires that plugging operations on each dry or inactive well be commenced within a period of one year after drilling or operations cease and proceed with due diligence until completed, unless the operator is eligible for and obtains an extension of the plugging deadline.
9. Pursuant to Texas Natural Resources Code § 81.0531, the Commission may assess an administrative penalty against Respondent for the subject violations, up to \$10,000.00 a day per violation for each day the violation continues.
10. An assessed administrative penalty in the amount of **THIRTEEN THOUSAND, TWO HUNDRED NINETY-FIVE DOLLARS (\$13,295.00)** is justified considering the facts and violations at issue and is assessed in accordance with the minimum penalty guideline set out in 16 Texas Administrative Code § 3.107.

11. Respondent violated Commission rules related to safety and the control of pollution. Any other organization in which an officer of this organization holds a position of ownership or control is subject to the restrictions detailed in Texas Natural Resources Code § 91.114(a)(2).

ORDERING PROVISIONS

IT IS HEREBY ORDERED THAT, within 30 days from the day immediately following the date this order becomes final:

1. Quest-Tex Energy Op II, LLC (Operator No. 684645) shall plug the Martin R. D. Lease, Well No. 3 (Gas ID No. 066861), and place the subject property into compliance with Statewide Rules 3(2), 3(3), and 14(b)(2), 16 Texas Administrative Code §§ 3.3(2), 3.3(3), and 3.14(b)(2), and any other applicable Commission rules and statutes.
2. Quest-Tex Energy Op II, LLC (Operator No. 684645) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **THIRTEEN THOUSAND, TWO HUNDRED NINETY-FIVE DOLLARS (\$13,295.00)**.

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 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.

Any other organization in which a current officer of this organization holds a position of ownership or control **shall be subject to the restriction in Texas Natural Resources Code § 91.114(a)(2) for a period of no more than seven years from the date the order entered in this matter becomes final**, or until the conditions that constituted the violations herein are corrected or are being corrected in accordance with a schedule to which the Commission and the organization have agreed, and all administrative, civil, and criminal penalties and all cleanup and plugging costs incurred by the State relating to those conditions are paid or are being paid in accordance with a schedule to which the Commission and the organization have agreed.

All requested findings of fact and conclusions of law 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 \$10,000.00 per day per violation.

Done this 26th day of February 2019.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated February 26, 2019)

JHM/bt