

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

**OIL AND GAS DOCKET NO. 7B-0314568**

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**ENFORCEMENT ACTION AGAINST OIL, GAS, ETC. LLC (OPERATOR NO. 620678)  
FOR VIOLATION OF STATEWIDE RULES ON THE CLAYTON (17549) LEASE, WELL  
NO. 1, COLEMAN COUNTY REGULAR FIELD, COLEMAN COUNTY, TEXAS; AND  
ON THE CLAYTON A LEASE, WELL NO. 1 (GAS RRC ID 101308), COLEMAN  
COUNTY REGULAR (GAS) FIELD, COLEMAN COUNTY, TEXAS**

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**FINAL ORDER**

The Railroad Commission of Texas (“Commission”) finds that statutory notice of the captioned enforcement proceeding was provided pursuant to Commission rules, and that the respondent, Oil, Gas, Etc. 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 Texas Administrative Code § 1.25, and after 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. Oil, Gas, Etc. LLC (“Respondent”), Operator No. 620678, 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. Respondent’s officer of record, as identified on the Form P-5—John Chambers—was sent the Original Complaint and Notice of Opportunity for Hearing by certified and first-class mail, addressed to the last known address.
3. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to Respondent was returned to the Commission unopened on March 28, 2019. The first-class mail envelope was not returned to the Commission.
4. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to John Chambers was delivered on March 1, 2019. The first-class mail envelope was not returned to the Commission.
5. Record of the delivery and return of the 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 in this matter.

6. On March 21, 2019, Respondent, a limited liability company, filed a Form P-5 with the Commission reporting that its officer(s) consisted of the following individual(s): John Chambers, Manager.
7. John Chambers was in a position of ownership or control of Respondent, as defined in Texas Natural Resources Code § 91.114, during the time when the violations of Commission rules were committed by Respondent.
8. Respondent's Form P-5 is active. Respondent has a \$50,000.00 bond on file with the Commission as its financial assurance.

#### **Clayton (17549) Lease**

9. Respondent is the operator of record of the Clayton (17549) Lease, Well No. 1, pursuant to a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective March 21, 2016, and approved March 21, 2016.
10. Commission inspection reports made on April 6, 2018, May 18, 2018, June 26, 2018, and June 27, 2018, for the Clayton (17549) Lease, Well No. 1, show that no sign was posted at the well site
11. Commission inspection reports made on April 6, 2018, May 18, 2018, June 26, 2018, and June 27, 2018, for the Clayton (17549) Lease, Well No. 1, show that the sign posted at the tank battery did not display the Commission lease number.
12. The lack of legible signs and identification displaying correct information, as required by Statewide Rules 3(1), 3(2), and 3(3), 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.
13. Commission inspection reports made on April 6, 2018, May 18, 2018, June 26, 2018, and June 27, 2018, for the Clayton (17549) Lease, Well No. 1, show produced water discharged onto the ground surface inside the tank battery firewall. The produced water had affected approximately ninety square feet of ground surface.
14. Respondent did not have a permit for said discharge, nor was it authorized under Statewide Rules 8(d)(3), 8(e), 9, 46 or 98.
15. Unpermitted discharges of oil and gas waste, in violation of Statewide Rule 8(d)(1), can contaminate the ground surface, affect the health of humans, and may eventually be discharged to surface or subsurface waters, causing pollution.
16. Commission inspection reports made on April 6, 2018, May 18, 2018, June 26, 2018, June 27, 2018, and the absence of reported production since November 2011, show that the Clayton (17549) Lease, Well No. 1, has been inactive for a period greater than one year.
17. No workovers, re-entries, or subsequent operations have taken place on the Clayton (17549) Lease, Well No. 1, within the last twelve months; the well has not been properly plugged in

accordance with Statewide Rule 14, 16 Tex. Admin. Code § 3.14; no plugging extension is in effect for the subject well as allowed by Statewide Rule 15.

18. Unplugged wellbores in violation of Statewide Rule 14 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.
19. The total estimated cost to the State for plugging the Clayton (17549) Lease, Well No. 1, is \$21,281.68.

**Clayton A Lease, Well No. 1 (Gas ID No. 101308)**

20. Respondent is the operator of record of the Clayton A Lease, Well No. 1 (Gas ID No. 101308), pursuant to a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective March 21, 2016, and approved June 29, 2016.
21. Commission inspection reports made on April 6, 2018, May 18, 2018, June 26, 2018, and June 27, 2018 for the Clayton A Lease, Well No. 1 (Gas ID No. 101308), show no sign posted at the property entrance
22. Commission inspection reports made on April 6, 2018, May 18, 2018, June 26, 2018, and June 27, 2018, for the Clayton A Lease, Well No. 1 (Gas ID No. 101308), show no sign posted at the well site.
23. The lack of legible signs and identification displaying correct information, as required by Statewide Rules 3(1), 3(2), and 3(3), 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.
24. Commission inspection reports made on February 15, 2018, April 6, 2018, May 18, 2018, June 26, 2018, June 27, 2018, and the absence of reported production since November 2017, show that the Clayton A Lease, Well No. 1 (Gas ID No. 101308), has been inactive for a period greater than one year.
25. No workovers, re-entries, or subsequent operations have taken place on the Clayton A Lease, Well No. 1 (Gas ID No. 101308), within the last twelve months; the well has not been properly plugged in accordance with Statewide Rule 14, 16 Tex. Admin. Code § 3.14; no plugging extension is in effect for the subject well as allowed by Statewide Rule 15.
26. Unplugged wellbores in violation of Statewide Rule 14 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.
27. The total estimated cost to the State for plugging the Clayton A Lease, Well No. 1 (Gas ID No. 101308), is \$21,699.09.

28. Respondent charged with the violations recited herein has a history of Commission Statewide Rule violations: Oil & Gas Docket No. 7B-0302782, violations of Statewide Rules 3(2), 3(3), 8(d)(1), and 73(i), 16 Texas Administrative Code §§ 3.3(2), 3.3(3), 3.8(d)(1), 3.73(i); \$2,768.00 assessed in administrative penalties; Agreed Order entered June 6, 2017; and Oil & Gas Docket No. 7B-0302823, violations of Statewide Rules 8(d)(1) and 46(g)(2), 16 Texas Administrative Code §§ 3.8(d)(1), 3.46(g)(2); \$4,213.00 assessed in administrative penalties; Agreed Order entered April 10, 2018.

### CONCLUSIONS OF LAW

1. Proper notice was issued by the Commission to Respondent and all other 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 captioned properties in compliance with all applicable Commission rules and statutes, found in Title 16 of the Texas Administrative Code and Texas Natural Resources Code, Chapters 89 and 91.
4. The captioned properties are in violation of Statewide Rules 3(1), 3(2), 3(3), 8(d)(1), and 14(b)(2). 16 Texas Administrative Code §§ 3.3(1), 3.3(2), 3.3(3), 3.8(d)(1), and 3.14(b)(2).
5. The documented violations committed by Respondent constitute acts deemed serious, a hazard to the public health and safety, and demonstrate a lack of good faith pursuant to Texas Natural Resources Code § 81.0531(c).
6. Respondent is responsible for maintaining the subject properties in compliance with Statewide Rule 3(1), which requires that a sign be posted at the principal entrance of each property productive of oil, gas, or geothermal resources. The sign shall show the name by which the property is commonly known and is carried on the records of the Commission, the name of the operator, and the number of acres in the property.
7. Respondent is responsible for maintaining the subject properties in compliance with Statewide Rule 3(2), which requires that each well site productive of oil, gas, or geothermal resources post a sign or identification showing the name of the property, the name of the operator, and the well number.
8. Respondent is responsible for maintaining the subject properties in compliance with Statewide Rule 3(3), which requires that each oil stock tank, remotely located satellite tank, or approved crude oil measuring facility (where tanks are not utilized), post signs or identification showing the name of the property, the Commission lease number, the name of the operator, the number of acres in the property and, if commingled, the commingling permit number.

9. Respondent is responsible for maintaining the subject properties in compliance with Statewide Rule 8(d)(1), which prohibits the discharge of oil and gas wastes without a permit or Statewide Rule authority.
10. Respondent is responsible for maintaining the subject properties in compliance with Statewide Rule 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 obtains an extension of the plugging deadline.
11. Pursuant to Texas Natural Resources Code § 81.0531, the Commission may assess administrative penalties against Respondent for the subject violations of up to \$10,000.00 per day for each violation, each day of continuing violations constituting a separate violation.
12. An assessed administrative penalty in the amount of **SIXTEEN THOUSAND, FOUR HUNDRED TWENTY-SIX DOLLARS (\$16,426.00)** is justified considering the facts and violations at issue.
13. As a person in a position of ownership or control of Respondent at the time the violations related to safety and the control of pollution occurred, John Chambers, and any other organization in which this individual may hold a position of ownership or control, is subject to the restriction 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. Oil, Gas, Etc. LLC (Operator No. 620678) shall plug the Clayton (17549) Lease, Well No. 1 and the Clayton A (101308) Lease, Well No. 1, and place the subject properties into compliance with Statewide Rules 3(1), 3(2), 3(3), 8(d)(1), and 14(b)(2), and any other applicable Commission rules and statutes.
2. Oil, Gas, Etc. LLC (Operator No. 620678) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SIXTEEN THOUSAND, FOUR HUNDRED TWENTY-SIX DOLLARS (\$16,426.00)**.

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 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 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 an officer of this organization holds a position of ownership or control at the time Respondent violated Commission rules related to safety and the control of pollution, **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, 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 4<sup>th</sup> day of June 2019.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated June 4, 2019)

JHM/bt