

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

**OIL AND GAS DOCKET NO. 7C-0315100**

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**ENFORCEMENT ACTION AGAINST ALARON ENERGY, INC. (OPERATOR NO. 010450) FOR VIOLATION OF STATEWIDE RULE ON THE PRICE, F. "A" (09474) LEASE, WELL NOS. 1, 5, AND 6, ACR (CANYON) FIELD, COKE 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, Alaron Energy, 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 Texas Administrative 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. Alaron Energy, Inc. ("Respondent"), Operator No. 010450, was sent the First/Second Amended Complaint and Notice of Hearing by certified and first-class mail, addressed to the most recent Commission Form P-5 (Organization Report) ("Form P-5") address. The Notice of Hearing notified Respondent of a hearing scheduled to be conducted on April 6, 2019, at 1:30 pm at the Railroad Commission of Texas at the William B. Travis Building, 1701 N. Congress Avenue, Austin, Texas.
2. The certified mail envelope containing the First/Second Amended Complaint and Notice of Hearing addressed to the Respondent was delivered and signed for on March 8, 2019. 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 April 16, 2019, at approximately 1:30 pm, a hearing was convened at the Railroad Commission of Texas for the captioned docket. No representative from Respondent appeared at the hearing.
4. On March 22, 2018, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officer consists of the following individual: Roman Kupchynsky.
5. Roman Kupchynsky was in a position of ownership or control of Respondent, as defined by Texas Natural Resources Code § 91.114, during the time period of the violations of Commission rules committed by Respondent.

6. Respondent's Form P-5 is active. Respondent had a \$50,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.
7. Respondent designated itself to the Commission as the operator of the Price, F. "A" (09474) Lease, Well Nos. 1, 5, and 6, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective September 1, 1996, approved October 10, 1996.
8. Commission District inspection reports made on May 8, 2018, May 9, 2018, May 12, 2018, May 16, 2018, and July 17, 2018, for the Price, F. "A" (09474) Lease indicated that Respondent failed to prevent an open topped fiberglass tank from running over. Inspections report that oil and water was spilling out of the tank onto the ground.
9. 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.
10. 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.
11. The referenced District inspection reports and Commission records pertaining to Oil and Gas Docket No. 7C-0315227 record that upon Respondent's failure to respond to the situation the Commission expended State Fund Cleanup Funds in the amount of \$720.00 to empty the active spilling out of the tank onto the ground.
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 Texas Natural Resources Code, Chapters 89 and 91.
4. Respondent is in violation of Statewide Rule 8(d)(1). 16 Texas Administrative Code § 3.8(d)(1).
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 Texas Natural Resources Code § 81.0531(c).
6. 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.

7. 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 per day for each violation, with each day such violations continued constituting a separate violation.
8. An assessed administrative penalty in the amount of **FIVE HUNDRED DOLLARS (\$500.00)** is justified considering the facts and violations at issue.
9. 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 restriction in Texas Natural Resources Code § 91.114.

### ORDERING PROVISIONS

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

1. Alaron Energy, Inc. (Operator No. 010450) shall place the Price, F. "A" (09474) Lease, Well Nos. 1, 5, and 6, in compliance with Statewide Rule 8(d)(1), and any other applicable Commission rules and statutes.
2. Alaron Energy, Inc. (Operator No. 010450) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FIVE HUNDRED DOLLARS (\$500.00)**.

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 20<sup>th</sup> day of August 2019.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order  
dated August 20, 2019)

MAG/wcd