

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

**OIL AND GAS DOCKET NO. 7B-0318047**

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**ENFORCEMENT ACTION AGAINST WOODYGREEN RESOURCES, LP (OPERATOR NO. 940450), FORMERLY KNOWN AS WOODYGREEN RESOURCES, LLC (OPERATOR NO. 940464) FOR VIOLATIONS OF STATEWIDE RULES ON THE EATON 2 (25979) LEASE, WELL NO. 2, WILDFIRE (GRAY) FIELD, CALLAHAN 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, Woodygreen Resources, LP, formerly known as Woodygreen Resources, LLC, failed to appear or respond to the **First Amended 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. Woodygreen Resources, LP, formerly known as Woodygreen Resources, LLC ("Respondent"), (Operator Nos. 940450 and 940464, respectively) were sent the First Amended Complaint and First Amended First Amended Notice of Opportunity for Hearing by certified and first-class mail, addressed to the most recent Commission Form P-5s (Organization Reports) ("Form P-5") address filed February 7, 2012 for Woodygreen Resources, LP and filed January 25, 2005 for Woodygreen Resources, LLC.
2. The certified mail envelope containing the First Amended Complaint and First Amended Notice of Opportunity for Hearing addressed to Respondent, Woodygreen Resources, LP at the address reported on the Form P-5 in February 2012 was returned to the Commission unopened on June 4, 2019. The first-class mail was returned to the Commission unopened on June 6, 2019. The certified mail envelope containing the First Amended Complaint and First Amended Notice of Opportunity for Hearing addressed to the Respondent, Woodygreen Resources, LLC at the address reported on the Form P-5 in January 2005 was returned to the Commission unopened on July 17, 2019. The first-class mail was returned to the Commission unopened on July 3, 2019. 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 First Amended Complaint and First Amended Notice of Opportunity for Hearing. Respondent has not entered into an agreed settlement order, filed an answer or requested a hearing.
3. On February 7, 2012, Respondent Woodygreen Resources, LP, a limited partnership, filed a Form P-5 with the Commission reporting its officers consist of the following: Inflomax Corporation – General Partner, and Cheong, Paul H. – President/Secretary. On January 25, 2005, Respondent Woodygreen Resources, LLC, a limited liability company, filed a Form

- P-5 with the Commission reporting that its officers consist of the following: Cheong, Paul H. – Manager, and Apuy, Antonio - Manager.
4. Both Respondent Woodygreen Resources, LP's and Woodygreen Resources, LLC's Forms P-5 are inactive and both had a \$50,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.
  5. Respondent Woodygreen Resources, LLC designated itself to the Commission as the operator of the Eaton 2 (25979) Lease, Well No. 2, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective January 31, 2005, approved March 8, 2005. Commission records show that on February 7, 2006, Woodygreen Resources, LLC (Operator No. 940464) changed its name to Woodygreen Resources, LP (Operator No. 940450).
  6. Commission District inspection reports made on November 28, 2018, January 31, 2019 and April 4, 2019 for the Eaton 2 (25979) Lease show a 10'x 2'x 1" deep area and a 12'x 10'x 1" deep area of hydrocarbon-soaked soil around the bases of two oil tanks with rusted out bottoms.
  7. 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.
  8. 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.
  9. According to Commission records, Well No. 2, of the Eaton 2 (25979) Lease was plugged on November 7, 2005. Commission district inspections reports made on November 28, 2018, January 31, 2019 and April 4, 2019 show the presence of three 210-barrel steel oil tanks with ladders and walkways attached, one 100-barrel produced water tank, barbed wire fencing and various fittings and valves on the ground around the oil tanks.
  10. Respondent's failure 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.
  11. 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 Rules 8(d)(1) and 14(d)(12). 16 Texas Administrative Code §§ 3.8(d)(1), and 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 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. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14(d)(2), which requires filling the rat hole, mouse hole, and cellar and emptying all tanks, vessels, related piping and flowlines that will not be actively used in continuing operation of the lease, within 120 days after plugging work is completed.
8. 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.
9. An assessed administrative penalty in the amount of **THREE THOUSAND FIVE HUNDRED FORTY-TWO DOLLARS (\$3,542.00)** is justified considering the facts and violations at issue.
10. 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. Woodygreen Resources, LP (Operator No. 940450), formerly known as Woodygreen Resources, LLC (Operator No. 940464) shall place the Eaton 2 (25979) Lease, Well No. 2, in compliance with Statewide Rules 8(d)(1) and 14(d)(12), and any other applicable Commission rules and statutes.
2. Woodygreen Resources, LP (Operator No. 940450), formerly known as Woodygreen Resources, LLC (Operator No. 940464) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **THREE THOUSAND FIVE HUNDRED FORTY-TWO DOLLARS (\$3,542.00)**.

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)

EMM/bt