

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

OIL AND GAS DOCKET NO. 7C-0316358

ENFORCEMENT ACTION AGAINST FRONT STREET OPERATING, LLC (OPERATOR NO. 287095) FOR VIOLATIONS OF STATEWIDE RULES ON THE CARTER, R. L. (06487) LEASE, WELL NOS. 3, 4, 5, AND 8, SPECK, NORTH (CANYON) FIELD, CONCHO COUNTY, TEXAS

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, Front Street Operating, 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 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. Front Street Operating, LLC ("Respondent"), Operator No. 287095, 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. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent was returned to the Commission unopened on July 15, 2019. The first-class mail envelope addressed to Respondent was returned to the Commission on July 17, 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 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 August 20, 2019, Respondent, a limited liability company, filed a Form P-5 with the Commission reporting that its officer consists of the following individual: Dustin James Price, Manager.
4. Respondent's Form P-5 is active. Respondent had a \$50,000.00 cash deposit as its financial assurance at the time of the last Form P-5 annual renewal submission.
5. Respondent designated itself to the Commission as the operator of the Carter, R. L. (06487) Lease, Well Nos. 3, 4, 5, and 8, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective July 26, 2016, approved November 14, 2016.

6. Commission inspection reports made on March 12, 2018, June 18, 2018, and September 19, 2018, for the Carter, R. L. (06487) Lease, show the sign or identification required to be posted at Well No. 5 was missing.
7. 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.
8. Commission inspection reports made on March 12, 2018, June 18, 2018, and September 19, 2018, for the Carter, R. L. (06487) Lease, show a produced water spill, measuring approximately 150 square feet, at the wellhead of Well No. 4.
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. Commission inspection reports made on March 12, 2018, for the Carter, R. L. (06487) Lease, show the valve on Well No. 8 closed, but the well was leaking gas, indicating a lack of surface control.
12. Wells left uncontrolled or open to the atmosphere, in violation of Statewide Rule 13(a)(6)(A), may discharge oil and gas waste onto the land surface and affect the health of humans and animals; these discharges may eventually make their way to surface or subsurface waters, causing pollution.
13. Commission inspection reports made on March 12, 2018, June 18, 2018, and September 19, 2018 for the Carter, R. L. (06487) Lease, show the valve missing from the Bradenhead on Well No. 8, and no surface access to the Bradenhead on Well Nos. 3, 4, and 5.
14. Wells that are not properly equipped with a Bradenhead, in violation of Statewide Rule 17(a), cannot be monitored for pressure between casings, which may result in downhole problems not being detected.
15. Commission inspection reports made on March 12, 2018, June 18, 2018, and September 19, 2018 for the Carter, R. L. (06487) Lease, show the wellhead of Well No. 5 overgrown with trees and vegetation, constituting a fire hazard.
16. Failure to remove trees and vegetation from within the firewall, as required by Statewide Rule 21(i), creates a fire hazard.
17. 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 3(2), 8(d)(1), 13(a)(6)(A), 21(i), and 17(a). 16 Tex. Admin. Code §§ 3.3(2), 3.8(d)(1), 3.13(a)(6)(A), 3.21(i), and 3.17(a).
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 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 surface control of a well by using wellhead assemblies in compliance with Statewide Rule 13(a)(6)(A). Maintenance of surface control is necessary not only to prevent fluids from being discharged from the wellbore onto the ground surface, but also to prevent any oil and gas wastes present in the wellbore from being displaced to surface by influxes of surface water into the open wellbore.
9. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 17(a), which requires that all wells be equipped with a Bradenhead.
10. Respondent is responsible for maintaining the subject leases in compliance with Statewide Rule 21(i), which requires that any rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least 150 feet from the vicinity of any well, tank, or pump station. All waste shall be burned or disposed of in such manner as to avoid creating a fire hazard.
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 per day for each violation, with each day such violations continued constituting a separate violation.

12. An assessed administrative penalty in the amount of **ELEVEN THOUSAND, FIVE HUNDRED FIFTY-ONE DOLLARS (\$11,551.00)** is justified considering the facts and violations at issue.
13. 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. Front Street Operating, LLC (Operator No. 287095) shall place the Carter, R. L. (06487) Lease, Well Nos. 3, 4, 5, and 8, in compliance with Statewide Rules 3(2), 8(d)(1), 13(a)(6)(A), 21(i), and 17(a), and any other applicable Commission rules and statutes.
2. Front Street Operating, LLC (Operator No. 287095) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **ELEVEN THOUSAND, FIVE HUNDRED FIFTY-ONE DOLLARS (\$11,551.00)**.

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.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order

dated **FEB 11 2020**)

MAG/wcd