



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

Oil & Gas Docket No. 03-0313947

**ENFORCEMENT ACTION AGAINST VOTAW PRODUCTION COMPANY LLC
(OPERATOR NO. 887576) FOR VIOLATIONS OF STATEWIDE RULES
ON THE CHARLES KIEKE (14954) LEASE, WELL NO. 2D,
HOUSH FIELD, TYLER COUNTY, TEXAS**

Oil & Gas Docket No. 02-0318794

**ENFORCEMENT ACTION AGAINST VOTAW PRODUCTION COMPANY LLC
(OPERATOR NO. 887576) FOR VIOLATIONS OF STATEWIDE RULES
ON THE BEAMON, R. E. ET AL LEASE, WELL NO. 1 (RRC ID 114616),
EL TORO, SOUTH (5650 SD.) FIELD, JACKSON COUNTY, TEXAS**

Oil & Gas Docket No. 02-0319591

**ENFORCEMENT ACTION AGAINST VOTAW PRODUCTION COMPANY LLC
(OPERATOR NO. 887576) FOR VIOLATIONS OF STATEWIDE RULES
ON THE LOVETT EST. LEASE, WELL NO. 3 (RRC ID 054940),
FRANCITAS (F-16) FIELD, JACKSON COUNTY, TEXAS**

PROPOSAL FOR DECISION

HEARD BY: Jennifer Cook – Administrative Law Judge

PROCEDURAL HISTORY:

Notice of Hearing Date:	August 21, 2019
Hearing Date:	October 23, 2019
Transcript Received and	
Record Close Date:	February 10, 2020
Proposal for Decision Issued:	March 11, 2020

APPEARANCES:

For Commission Staff –

Melissa Glaze, Staff Attorney, Office of General Counsel – Enforcement

For Votaw Production Company LLC –

Ronald Thomas Wefelmeyer, Principal

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I. Statement of the Case

This is an enforcement case against Votaw Production Company LLC ("Votaw" or "Respondent"), Operator No. 887576, for violations of Railroad Commission ("Commission" or "RRC") rules on the following leases ("Leases"):

- Well No. 2 on the Charles Kieke Lease, Lease No. 14954, in the Housh Field, in Tyler County (the "Kieke Lease");
- Well No. 1 on the Beamon, R. E. et al Lease, RRC ID No. 114616, in the El Toro, South (5650 SD.) Field, in Jackson County (the "Beamon Lease"); and
- Well No. 3 on the Lovett Est. Lease, RRC ID No. 054940, in the Francitas (F-16) Field, in Jackson County (the "Lovett Lease").

Commission staff ("Staff") initiated this case claiming Respondent is responsible for violations of Statewide Rule 14(b)(2) on all three Leases and an additional violation of Statewide Rule 3(2) on the Lovett Lease.¹ Staff requests that the Commission assess a penalty in the amount of \$24,155, order Respondent to plug the subject wells ("Wells") and place the Leases in compliance with Commission rules. Staff provided Commission records in support of the alleged violations. Staff provided evidence that the penalty requested is consistent with the Commission's practice and Statewide Rule 107.²

Votaw maintains it has made efforts to stay in compliance. It maintains the penalty amount requested is unwarranted considering the efforts it has made.

The Administrative Law Judge ("ALJ") respectfully submits this Proposal for Decision ("PFD") and recommends the Commission find the violations of Statewide Rules have occurred as alleged, assess a penalty of \$24,155, and order Respondent to plug the Wells and place the Leases in compliance with Commission rules.

II. Jurisdiction and Notice³

Sections 81.051 and 81.052 of the Texas Natural Resources Code provide the Commission with jurisdiction over all persons owning or engaged in drilling or operating oil or gas wells in Texas and the authority to adopt all necessary rules for governing and regulating persons and their operations under the jurisdiction of the Commission. The Commission has authority to enforce statutes, rules and orders within its jurisdiction.⁴ The Commission expressly has jurisdiction over inactive wells.⁵

¹ 16 Tex. Admin. Code §§ 3.3(2), 3.14(b)(2).

² 16 Tex. Admin. Code § 3.107.

³ The hearing transcript in this case is referred to as "Tr. at [pages]." Staff's exhibits are referred to as "Staff Ex. [exhibit no(s)]." Respondent exhibits are referred to as "Respondent Ex. [exhibit no(s)]."

⁴ See, e.g., Tex. Nat. Res. Code §§ 85.041-.042; see also Tex. Nat. Res. Code ch. 91.

⁵ See, e.g., Tex. Nat. Res. Code §§ 89.041-.042.

In a Commission enforcement case, Commission rules state that serving notice of an enforcement hearing coupled with the complaint for the case is sufficient notice.⁶ The Administrative Procedures Act requires reasonable notice of not less than ten days and that the contents of the notice include:

- (1) a statement of the time, place, and nature of the hearing;
- (2) a statement of the legal authority and jurisdiction under which the hearing is to be held;
- (3) a reference to the particular sections of the statutes and rules involved;
and
- (4) a short, plain statement of the factual matters asserted.⁷

On August 21, 2019, Staff sent Respondent the Original Complaint ("Complaint") for each of the three docketed cases and a Notice of Hearing for each ("Notice"), setting a hearing for all three to occur October 23, 2019.⁸ The Notice with the Complaint provided the time, place, and nature of the hearing; statements regarding the legal authority and jurisdiction under which the hearing was to be held; references to the particular sections of the statutes and rules involved; and a statement of the factual matters asserted. The Complaint and Notice were sent by certified and first-class mail, addressed to Votaw's most recent Commission Form P-5 *Organization Report* ("Form P-5") address. Both Staff and Respondent appeared at the hearing.

III. Applicable Legal Authority

Staff alleges violations of Statewide Rules 3(2) and 14(b)(2).

Statewide Rule 3(2) requires a sign to be posted at each well site which includes the name of the property, the name of the operator, and the well number.⁹

Statewide Rule 14(b)(2) requires a well that has been inactive over twelve months to be plugged unless the well operator obtains a plugging extension for the well. Specifically, Statewide Rule 14(b)(2) requires the commencement of plugging operations on each inactive well within one year after drilling or operations cease unless the operator obtains an extension of the plugging deadline.¹⁰ The operator of a well identified on the most recent Commission-approved Form P-4s *Certificate of Compliance and Transportation Authority* is responsible for properly plugging that well in compliance with Commission rules and regulations.¹¹

⁶ 16 Tex. Admin. Code § 1.25(c).

⁷ Tex. Gov't Code §§ 2001.051(1), 2001.052(a).

⁸ See three documents titled *Notice of Hearing* dated August 21, 2019 (a separate notice of hearing was sent for each case).

⁹ 16 Tex. Admin. Code § 3.3(2).

¹⁰ 16 Tex. Admin. Code § 3.14(b)(2).

¹¹ 16 Tex. Admin. Code §§ 3.14(c)(1), 3.58(a)(2); see also Tex. Nat. Res. Code §§ 89.011(a), 89.022.

An inactive well is defined as:

An unplugged well that has been spudded or has been equipped with cemented casing and that has had no reported production, disposal, injection, or other permitted activity for a period of greater than 12 months.¹²

While the Commission has authority to provide extensions to the timeframe required for plugging wells, an operator must meet the following five required criteria to be eligible for plugging extensions:

- (1) the Commission or its delegate approves the operator's Application for an Extension of Deadline for Plugging an Inactive Well (Commission Form W-3X);
- (2) the operator has a current organization report;
- (3) the operator has, and on request provides evidence of, a good faith claim to a continuing right to operate the well;
- (4) the well and associated facilities are otherwise in compliance with all Commission rules and orders; and
- (5) for a well more than 25 years old, the operator successfully conducts and the Commission or its delegate approves a fluid level or hydraulic pressure test establishing that the well does not pose a potential threat of harm to natural resources, including surface and subsurface water, oil, and gas.¹³

IV. Discussion of Evidence

Staff presented the testimony of one witness and nine exhibits. Respondent provided testimony of one witness and eleven exhibits.

A. Summary of Staff's Evidence and Argument

Staff alleges Respondent is in violation of Statewide Rules 3(2) and 14(b)(2). Specifically, Staff requests the Commission find Respondent is responsible for violations and assess penalties as follows for each of the Leases:

- Regarding the Kieke Lease, Staff asserts a violation of Statewide Rule 14(b)(2) and requests a penalty of \$5,225;
- Regarding the Beamon Lease, Staff asserts a violation of Statewide Rule 14(b)(2) and requests a penalty of \$7,800; and

¹² 16 Tex. Admin. Code § 3.15(a)(6); see also Tex. Nat. Res. Code § 89.002(a)(12).

¹³ 16 Tex. Admin. Code §§ 3.15(e).

- Regarding the Lovett Lease, Staff asserts violations of Statewide Rule 3(2) and 14(b)(2) and requests a penalty of \$11,130.

Accordingly, Staff requests assessment of a total penalty in the amount of \$24,155, and that the Respondent be ordered to plug the Wells and place the Leases into compliance with Commission rules.

Staff presented testimony and Commission records to support the violations and penalties requested for each of the Leases. Staff's witness was David Randle. He is an Environmental Protection Specialist at the Commission and works in Field Operations in the Oil and Gas Division. He receives enforcement packets from the Commission districts and reviews them for accuracy and completeness.¹⁴

Staff provided printouts from the Commission's mainframe identifying Votaw as the Commission operator of record for each of the Leases.¹⁵ Staff also provided printouts from the Commission's mainframe showing the Wells have not been plugged.¹⁶

Commission production records show there has been no reported production from the Kieke Lease since at least December 2010.¹⁷ The subject well on the Kieke Lease is an injection well. Mr. Randle testified and provided Commission records showing there has been no injection since before March 2018. According to Commission records, the well is considered temporarily abandoned.¹⁸ Commission production records show there has been no reported production from the Beamon Lease since at least December 2014.¹⁹ Commission production records show there has been no reported production from the Lovett Lease since at least December 2014.²⁰ According to Commission mainframe printouts, Votaw has been denied a plugging extension for each of the Wells.²¹

Staff provided Commission mainframe printouts showing Votaw does not have a current approved Form P-5 and its status with the Commission is identified as delinquent.²² Mr. Randle explained that an operator must meet five requirements to be eligible for a plugging extension and one of the requirements is having an approved Form P-5.²³

In addition to the alleged violations of Statewide Rule 14(b)(2), Staff alleges a violation of Statewide Rule 3(2) on the Lovett Lease. Staff provided an inspection report dated March 27, 2019, showing that the well on the Lovett Lease has a sign identifying the wrong operator.²⁴

¹⁴ Tr. at 16-17.

¹⁵ Staff Ex. 1A at 1, 2A at 1, 3A at 1; *see, e.g.*, Tr. at 17-18, 92, 111.

¹⁶ Staff Ex. 1A at 2, 2A at 2, 3A at 2; *see, e.g.*, Tr. at 19, 92, 111.

¹⁷ Staff Ex. 1A at 3-5; Tr. at 20.

¹⁸ Staff Ex. 1D; Tr. at 35-37.

¹⁹ Staff Ex. 2A at 3-4; Tr. at 92.

²⁰ Staff Ex. 3A at 3-4; Tr. at 111-112.

²¹ Staff Ex. 1A at 6, 2A at 5, 3A at 5; *see, e.g.*, Tr. at 20-21, 92-93, 112.

²² Tr. at 82-83; Staff Ex. 4.

²³ Tr. at 106-107.

²⁴ Staff Ex. 3A at 6; Tr. at 112-113.

Mr. Randle testified that the requested penalty is based on the guidelines in Statewide Rule 107.²⁵ He calculated the recommended penalty for the alleged violations. He uses a penalty calculation worksheet based on the guidelines in Statewide Rule 107.

For violations of Statewide Rule 14(b)(2), Statewide Rule 107 provides a penalty of \$2,000 plus 1 dollar per foot of total depth.²⁶ Mr. Randle provided Commission well records for the three Wells alleged to be in violation of Statewide Rule 14(b)(2), showing the total depth of each well is as follows:

- The Kieke Lease well total depth is 3225 ft;²⁷
- The Beamon Lease well total plugback depth is 5800 ft, with a total depth of 7065 ft;²⁸ and
- The Lovett Lease well total depth is 8630 ft.²⁹

Regarding the Kieke Lease, Staff's recommended penalty is \$5,225 (\$2,000 plus \$3,225 to account for the depth).³⁰ Regarding the Beamon Lease, Staff's recommended penalty is \$7,800 (\$2,000 plus \$5,800 to account for the depth). Regarding the Lovett Lease, Staff's recommended penalty is \$10,630 (\$2,000 plus \$8,630 to account for the depth).

In addition to the alleged violations of Statewide Rule 14(b)(2), Staff alleges a violation of Statewide Rule 3(2) on the Lovett Lease. Statewide Rule 107 provides a penalty of \$500 per sign violation.³¹ Staff requests a penalty of \$500 for the incorrect sign on the Lovett Lease.³²

²⁵ 16 Tex. Admin. Code § 3.107.

²⁶ *Id.*

²⁷ Tr. at 28-30.

²⁸ Staff Ex. 2A at 2; Tr. at 94.

²⁹ Staff Ex. 3A at 2; Tr. at 111.

³⁰ Staff Ex. 1C, 2B, 3B.

³¹ 16 Tex. Admin. Code § 3.107.

³² Staff Ex. 3B; Tr. at 113-114.

The table below provides a summary of the recommended penalty assessments for the violations in this case.³³

Lease	Commission Statewide Rule	General Description of violation	Guideline minimum from Rule 107	Description of calculation	Penalty Tally
Kieke	14(b)(2)	Failure to plug onshore well	\$2,000 plus \$1/ft of total depth	One well at \$2,000 plus the total depth of the well at 3,225 feet	\$5,225
Beamon	14(b)(2)	Failure to plug onshore well	\$2,000 plus \$1/ft of total depth	One well at \$2,000 plus the total depth of the well at 5800 feet	\$7,800
Lovett	14(b)(2)	Failure to plug onshore well	\$2,000 plus \$1/ft of total depth	One well at \$2,000 plus the total depth the well at 8630 feet	\$10,630
Lovett	3(2)	Failure to comply with well sign requirements	\$500	1 well at \$500	\$500
	Total				\$24,155

B. Summary of Respondent's Evidence and Argument

Respondent maintains it has made efforts to stay in compliance and maintains the penalty amount requested is unwarranted considering the efforts it has made.³⁴

Ronald Thomas Wefelmeyer, Principal of Votaw, was the only witness for Respondent.

Votaw asserts it is eligible for a plugging extension for the injection well on the Kieke Lease. Mr. Wefelmeyer testified that Votaw completed a mechanical integrity test on the well and submitted the proper forms to the Commission. He testified the Commission rejected his forms because he did not have the right packer depth.³⁵ He says he had another test performed and has filed new paperwork with the Commission, but as of the date of the hearing it had not been approved. He asserts the test has been done such that he is in compliance with the "spirit" of the rule and there is no environmental threat. He further testified regarding the integrity of the well in general, claiming that, for example, the casing was cemented to the surface.³⁶

³³ Staff Ex. 1C, 2B, 3B; see, e.g., Tr. at 25.

³⁴ Tr. at 13-15, 129; Respondent Ex. 1.

³⁵ Tr. at 49-50; Respondent Ex. 2.

³⁶ Tr. at 62-67.

Additionally, Mr. Wefelmeyer testified Votaw submitted a request for a plugging extension for the well on the Kieke Lease, but it was denied because, according to Mr. Wefelmeyer, Votaw paid the wrong amount and the form was incorrect. He testified he was confused as to the requirements for a plugging extension. He testified he had no evidence of obtaining a plugging extension.³⁷ He testified that he submitted a Form W-3X *Application for an Extension of Deadline for Plugging an Inactive Well* ("Form W-3X") but had no evidence it was approved.³⁸ Mr. Wefelmeyer stated that the injection well on the Kieke Lease is economical.³⁹

Regarding the Beamon Lease, Mr. Wefelmeyer stated that he filed a Form W-3X and those requirements have been met and that he has followed the spirit of the law. He did not have evidence that a Form W-3X had been approved.⁴⁰

Regarding the Lovett Lease, Mr. Wefelmeyer testified that he had completed the Form W-3X requirements and had a fluid level test on the well.⁴¹ As to the alleged Rule 3(2) violation, he stated he thinks it should be removed because he had the sign fixed after the Commission notified him of the violation.⁴²

Mr. Wefelmeyer testified he has only owned the Wells for two years and it takes time to understand how to achieve compliance. He believes that the alleged violations are due mainly to miscommunication and should not result in a penalty. He maintains he cannot afford a penalty and a penalty would increase the financial burden on Votaw.⁴³

He testified he has had financial difficulty and has had to spend thousands trying to renew his Form P-5 with the Commission and acknowledged he is currently not authorized to operate because of his Form P-5 status.⁴⁴

Mr. Wefelmeyer maintains he has made a good faith effort to get into compliance with Commission rules.⁴⁵

V. ALJ's Analysis

The ALJ finds that Staff provided sufficient evidence as to the violations alleged. The ALJ recommends that the Commission find the violations occurred as alleged, assess Staff's recommended penalty of \$24,155 against Respondent for the violations and order Respondent to plug the Wells and place the Leases in compliance with Commission rules and statutes.

³⁷ Tr. at 49-52.

³⁸ Tr. at 108-110; Respondent Ex. 6.

³⁹ Tr. at 74.

⁴⁰ Tr. at 100-106; Respondent Ex. 4, 5.

⁴¹ Respondent Ex. 7, 8; Tr. at 115-119.

⁴² Respondent Ex. 9, 10; Tr. at 120-126.

⁴³ Tr. at 73; Respondent Ex. 1.

⁴⁴ Tr. at 52-57.

⁴⁵ Tr. at 128-129.

A. Staff established Votaw, as the operator of record, is responsible for violations on the Leases.

According to Commission records, Votaw is the operator of record for the Leases. Votaw does not dispute this. According to Statewide Rule 58, the operator of record is responsible for maintaining the lease in compliance with Commission rules.⁴⁶ Consequently, Votaw is responsible for any violations on the Leases.

B. Staff established the Lovett Lease is in violation of Statewide Rule 3(2).

Statewide Rule 3(2) requires a sign to be posted at each well site which includes, among other things, the name of the operator.⁴⁷ During inspections of the Lovett Lease, a Commission inspector observed that the sign for the Lovett Lease well identified the incorrect operator. Respondent provided no evidence contradicting the inspection reports. The ALJ finds the violations occurred as alleged.

C. Staff established the Wells are in violation of Statewide Rule 14(b)(2).

Staff alleges violations of Statewide Rule 14(b)(2) for all Wells. Staff alleges that the Wells are inactive, ineligible for plugging extensions and have not been plugged as required.

There has been no reported production for the Leases for over twelve months. Because the Wells are unplugged and there has been no reported activity for over twelve months, the Wells qualify as inactive wells per Commission rules.⁴⁸ Votaw does not dispute this. According to Statewide Rule 14, inactive wells must be plugged unless the operator obtains a plugging extension.⁴⁹

According to Commission records, Respondent does not have an active approved Form P-5. As such, Respondent is prohibited from engaging in oil and gas exploration and production activities in Texas, including operating oil or gas wells.⁵⁰ In addition to being prohibited from operating a well, because Respondent does not have an active Form P-5, it is ineligible for extensions of plugging deadlines for inactive wells.⁵¹

While Respondent may meet some of the requirements necessary to obtain plugging extensions, because Votaw has no current P-5, it is not eligible for extensions. The ALJ finds the violations occurred as alleged.

⁴⁶ 16 Tex. Admin. Code § 3.58(a)(1), (a)(2); see also 16 Tex. Admin. Code § 3.14(c)(2).

⁴⁷ 16 Tex. Admin. Code § 3.3(2).

⁴⁸ See 16 Tex. Admin. Code § 3.15(a)(6).

⁴⁹ 16 Tex. Admin. Code § 3.14(b)(2).

⁵⁰ See 16 Tex. Admin. Code § 3.1(a)(1).

⁵¹ See 16 Tex. Admin. Code § 3.15(e)(2) (allows extensions only for an operator who has a current Form P-5 report).

D. The ALJ recommends assessment of the penalty urged by Staff of \$24,155.

Staff recommends a penalty of \$24,155 for the violations based on the penalty guidelines in Statewide Rule 107. Per the Natural Resources Code, the Commission may assess administrative penalties against Respondent up to \$10,000 per day for each violation, with each day such violation continues constituting a separate violation.⁵² Commission Statewide Rule 107 provides guidelines to be utilized when assessing enforcement penalties.⁵³ Statewide Rule 107 provides factors that are to be considered. Specifically, Statewide Rule 107(d) states:

(d) Factors considered. The amount of any penalty requested, recommended, or finally assessed in an enforcement action will be determined on an individual case-by-case basis for each violation, taking into consideration the following factors:

- (1) the person's history of previous violations;
- (2) the seriousness of the violation;
- (3) any hazard to the health or safety of the public; and
- (4) the demonstrated good faith of the person charged.⁵⁴

Rule 107 provides guideline penalties for typical violations.⁵⁵ The penalties recommended by Staff are in accordance with the guidelines in Rule 107. The ALJ finds the evidence supports assessment of the \$24,155 penalty recommended by Staff.

VI. Recommendation, Proposed Findings of Fact and Proposed Conclusions of Law

Based on the record in this case and evidence presented, the ALJ recommends that the Commission find that the alleged violations occurred; assess the penalty recommended by Staff; adopt the following findings of fact and conclusions of law; and issue the recommended following proposed ordering provisions.

Findings of Fact

1. On August 21, 2019, Votaw Production Company LLC ("Votaw" or "Respondent"), Operator No. 887576, was sent the Original Complaint ("Complaint") for each of the three docketed cases and a Notice of Hearing for each ("Notice"), setting a hearing for all three to occur October 23, 2019. The Complaint and Notice were

⁵² Tex. Nat. Res. Code § 81.0531.

⁵³ See 16 Tex. Admin. Code § 3.107(b).

⁵⁴ 16 Tex. Admin. Code § 3.107(d).

⁵⁵ 16 Tex. Admin. Code § 3.107(e)(1) and (j).

sent by certified and first-class mail, addressed to Votaw's most recent Commission Form P-5 *Organization Report* ("Form P-5") address.

2. In the Notice and Complaint, Railroad Commission ("Commission" or "RRC") Staff ("Staff") alleges Respondent is in violation of Statewide Rules 3(2) and 14(b)(2). Specifically, Staff requests the Commission find Respondent is responsible for violations of Commission rules and assess penalties as follows for each of the subject leases ("Leases") and subject wells ("Wells"):
 - Regarding Well No. 2 on the Charles Kieke Lease, Lease No. 14954, in the Housh Field, in Tyler County (the "Kieke Lease"), Staff asserts a violation of Statewide Rule 14(b)(2) and requests a penalty of \$5,225;
 - Regarding Well No. 1 on the Beamon, R. E. et al Lease, RRC ID No. 114616, in the El Toro, South (5650 SD.) Field, in Jackson County (the "Beamon Lease"), Staff asserts a violation of Statewide Rule 14(b)(2) and requests a penalty of \$7,800; and
 - Regarding Well No. 3 on the Lovett Est. Lease, RRC ID No. 054940, in the Francitas (F-16) Field, in Jackson County (the "Lovett Lease"), Staff asserts violations of Statewide Rule 3(2) and 14(b)(2) and requests a penalty of \$11,130.
3. The Notice with the Complaint provided the time, place, and nature of the hearing; statements regarding the legal authority and jurisdiction under which the hearing was to be held; references to the particular sections of the statutes and rules involved; and a statement of the factual matters asserted.
4. Both Staff and Respondent appeared at the hearing on October 23, 2019.
5. Respondent was given more than 30 days' notice of the Complaint and Notice.
6. Votaw is the Commission operator of record for each of the Leases.
7. There has been no production from the Kieke Lease since at least December 2010. The subject well on the Kieke Lease is an injection well. There has been no injection since before March 2018.
8. There has been no production from the Beamon Lease since at least December 2014.
9. There has been no production from the Lovett Lease since at least December 2014.
10. The Wells have been inactive since at least April 2018.

11. The Wells have not been plugged.
12. Votaw does not have a current approved Form P-5 and its status with the Commission is delinquent.
13. Votaw is not eligible for plugging deadline extensions for the Wells.
14. Votaw has been denied a plugging extension for each of the Wells.
15. An inspection report dated March 27, 2019, shows that the sign for the well on the Lovett Lease identified the wrong operator.
16. The violations of Commission rules committed by Respondent are related to safety and the control of pollution.

Conclusions of Law

1. Proper notice was issued by the Commission to Respondent and all other persons legally entitled to notice. See, e.g., Tex. Gov't Code § 2001.051-.052; 16 Tex. Admin. Code § 1.49.
2. The Commission has jurisdiction in this case. See, e.g., Tex. Nat. Res. Code §§ 81.051, 81.0512, 85.041-.042; see *also* Tex. Nat. Res. Code ch. 91.
3. Respondent is responsible for maintaining the Leases in compliance with all applicable Commission rules, and chapters 89 and 91 of the Texas Natural Resources Code.
4. Respondent is in violation of Statewide Rules 3(2) and 14(b)(2). 16 Tex. Admin. Code §§ 3.3(2), 3.14(b)(2).
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 Tex. Nat. Res. 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 14(b)(2), which requires that plugging operations on each dry or inactive well shall be commenced within a period of one year after drilling or operations cease and shall proceed with due diligence until completed, unless the operator is eligible for and obtains an extension of the plugging deadline.

8. Pursuant to Tex. Nat. Res. 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 **TWENTY-FOUR THOUSAND ONE HUNDRED FIFTY-FIVE DOLLARS (\$24,155.00)** is justified considering the facts and violations at issue.

Ordering Provision Recommendations

The ALJ recommends the Commission enter an order with the following ordering provisions:

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

1. Respondent shall plug the Wells and place the Leases in compliance with Statewide Rules 3(2), 14(b)(2), and any other applicable Commission rules and statutes.
2. Respondent shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY-FOUR THOUSAND ONE HUNDRED FIFTY-FIVE DOLLARS (\$24,155.00)**.

Respectfully,



Jennifer Cook
Administrative Law Judge