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

OIL AND GAS DOCKET NO. 00002440

ENFORCEMENT ACTION AGAINST MADISON AND WRIGHT LLC (OPERATOR NO. 521182) FOR VIOLATIONS OF STATEWIDE RULES ON THE TUNSTILL UNIT (08-36550) LEASE, WELL NOS. 1702 AND 1803, EAST (DELAWARE) FIELD, LOVING 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, Madison and Wright 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. Madison and Wright LLC ("Respondent"), Operator No. 521182, 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's P-5 address was returned, unopened, on April 21, 2020. The first-class mail envelope addressed to Respondent's P-5 address was not returned to the Commission. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to Respondent's forwarding address was received on April 20, 2020. The first-class mail envelope addressed to Respondent's forwarding address was not returned to the Commission. 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 30, 2019, Respondent, a limited liability company, filed a Form P-5 with the Commission reporting that its officer consists of the following individual: Madison, Matt – Managing Member, and Wright, Toby – Managing Member.
4. Respondent's Form P-5 is delinquent. Respondent had a \$50,000.00 cash deposit on file 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 Tunstill Unit (08-36550) Lease, Well Nos. 1702 and 1803, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective April 1, 2015, approved April 17, 2015.
6. Commission District inspection reports made on October 10, 2019 and December 31, 2019, for the Tunstill Unit (08-36550) Lease show produced fluids from a leak at Well No. 1803 affecting a 120' x 75' x 6" deep area, and a produced fluids spill at Well No. 1702 affecting a 30' x 20' x 6" deep area along with a hole around the well head measuring 3' x 3' and filled with produced fluids.
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. Commission District inspection reports made on October 10, 2019 and December 31, 2019 on the Tunstill Unit (08-36550) Lease, show that Well No. 1803 has produced fluids and gas bubbling out of the ground at the well head evidencing a lack of surface control of the well.
10. 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.
11. Commission District inspection reports made on October 10, 2019 and December 31, 2019 on the Tunstill Unit (08-36550) Lease show an open-top tank at the tank battery containing produced fluids but without bird protection.
12. Failing to properly screen or take other protective measures, as set forth in Statewide Rule 22(b), regarding open-top tanks, skimming pits, and/or collecting pits can cause harm to birds.
13. The Respondent charged with the violations herein recited has no 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), 13(a)(6)(A), and 22(b). 16 Tex. Admin. Code §§ 3.8(d)(1), 3.13(a)(6)(A), and 3.22(b).
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 13(a)(6)(A), which requires that surface control of all wells be maintained with wellhead assemblies.
8. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 22(b), which requires open-top tanks, skimming pits, and collecting pits to be screened or otherwise rendered harmless to birds.
9. 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.
10. An assessed administrative penalty in the amount of **TEN THOUSAND EIGHT HUNDRED DOLLARS (\$10,800.00)** is justified considering the facts and violations at issue.
11. 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. Madison and Wright LLC (Operator No. 521182) shall place the Tunstill Unit (36550) Lease, Well Nos. 1702 and 1803, into compliance with Statewide Rules 8(d)(1), 13(a)(6)(A), and 22(b), and any other applicable Commission rules and statutes.
2. Madison and Wright LLC (Operator No. 521182) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TEN THOUSAND EIGHT HUNDRED DOLLARS (\$10,800.00)**.

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 **AUG 04 2020**)

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