

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

OIL AND GAS DOCKET NO. 00001124

ENFORCEMENT ACTION AGAINST SLT DAKOTA OPERATING, INC. (OPERATOR NO. 740337) FOR VIOLATIONS OF STATEWIDE RULES ON THE EMMERT LEASE, WELL NO. 302 (RRC NO. 10-076464), PANHANDLE, EAST FIELD, WHEELER COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after statutory notice of the captioned enforcement proceeding SLT DAKOTA OPERATING, INC. ("Respondent"), 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 Commissioners 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. Respondent, Operator No. 740337, 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. Notice was also sent to the Texas Resident Agent for Respondent at Banks Oil & Gas Consulting, Resident Agent, SLT Dakota Operating, Inc., 1601 Rio Grande 500, Austin, Texas, 78701.
2. Respondent was served through its Texas Resident Agent, Banks Oil & Gas Consultant. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to Respondent's Texas Resident Agent was received on March 2, 2020. The first-class mail envelope addressed to the Texas Resident Agent 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 February 9, 2017, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Bradstreet, Michael Wade, President, and Bradstreet, Evelyn Janiece, Secretary/Treasurer.
4. Respondent's Form P-5 is Delinquent. Respondent had a \$50,000.00 letter of credit on file with the Commission as financial assurance at the time of the last Form P-5 annual renewal submission.

5. Respondent designated itself as the operator of the Emmert Lease, Well No. 302 (RRC No. 10-076464), by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective May 1, 2010, approved September 3, 2010.
6. Commission District inspection reports made on July 15, 2019, August 5, 2019 and March 12, 2020 for the Emmert Lease, Well No. 302 (RRC No. 10-076464) show the identification sign required to be posted at Well No. 302 is 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 the violation or emergency, which can result in delays in remedying a violation or emergency.
8. Well No. 302 (RRC No. 10-076464) of the Emmert Lease is a permitted injection well. Commission District inspection reports made on July 15, 2019, August 5, 2019, and March 12, 2020, and the absence of reported injection since April 2015, show the Emmert Lease, Well No. 302 (RRC No. 10-076464) has been inactive for a period greater than one year. Injection into the subject well ceased in March 2015.
9. No workovers, re-entries, or subsequent operations have taken place on the subject well within the last twelve months and the subject well has not been properly plugged in accordance with Statewide Rule 14. 16 Tex. Admin. Code § 3.14. No plugging extension is in effect for the subject well as allowed by Statewide Rule 14.
10. Usable quality groundwater in the area can become contaminated by migrations or discharges of saltwater and other oil and gas wastes from the subject wells. Unplugged wellbores in violation of Statewide Rule 14(b)(2) are likely to cause pollution of usable quality ground water and surface water, as defined in Statewide Rule 8(a)(28), 16 Texas Administrative Code § 3.8(a)(28), by serving as a conduit for the passage of oil, gas, saltwater, and other substances from one stratum or formation to another or to the surface or from the surface downward and constitute a cognizable threat to the public health and safety because of the potential of pollution.
11. The total estimated cost to the State for plugging the Emmert Lease, Well No. 302 (RRC ID No. 10- 076464), is \$14,609.00.
12. Well No. 302 (RRC No. 10-076464) of the Emmert Lease is a permitted injection well. According to Commission records, the subject well was due for a disposal/injection well pressure test on July 30, 2018. Commission records show Respondent has failed to pressure test the well.
13. Disposal/injection wells must pass a pressure test at least once every five years, or as required by permit, to show that the well is not leaking, the at waste is being confined to the permitted injection interval, and that the usable quality water zones are properly isolated. Any injection of fluid down a wellbore could be a potential source of pollution. Without testing and supporting documentation, as required by Statewide Rule 46(j), the Commission cannot determine if a well poses a threat to natural resources.
14. The Respondent charged with the violations herein recited has no history of violations of Commission Rules.

CONCLUSIONS OF LAW

1. The Commission properly noticed 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 Resource Code §§ 89 and 91.
4. Respondent is in violation of Statewide Rules 3(2), 14(b)(2), and 46(j). 16 Tex. Admin. Code §§ 3.3(2), 3.14(b)(2), and 3.46(j).
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 Resource 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. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 46(j), which requires a passing mechanical integrity test every five years.
9. Pursuant to Texas Natural Resource 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 **NINE THOUSAND THREE HUNDRED EIGHTY-FIVE DOLLARS (\$9,385.00)** is justified considering the facts and violations at issue.

ORDERING PROVISIONS

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

1. SLT Dakota Operating, Inc. (Operator No. 740337) shall PLUG the Emmert Lease, Well No. 302 (RRC ID No. 10-076464), in compliance with Statewide Rule 14(b)(2), and shall place the subject lease and well into compliance with Statewide Rules 3(2) and 46(j) and any other applicable Commission rules and statutes.
2. SLT Dakota Operating, Inc. (Operator No. 740337) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **NINE THOUSAND THREE HUNDRED EIGHTY-FIVE DOLLARS (\$9,385.00)**.

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.

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 _____ **OCT 20 2020** _____)

EMM/bt