

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 8A-0285457**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY OGL HOLDINGS, LLC (619265), AS TO THE TUDOR (64985) LEASE, WELL NO. 1 AND TANK BATTERY, REEVES (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on May 1, 2014 and that the respondent, OGL Holdings, LLC (619265), failed to appear or respond to the Notice of Hearing. Pursuant to § 1.49 of the Commission's General Rules of Practice and Procedure [Tex. R. R. Comm'n, 16 TEX. ADMIN. CODE § 1.49] and after being duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. OGL Holdings, LLC (619265), ("Respondent"), was given Notice of Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The certified envelope containing the Original Complaint and the Notice of Hearing, was delivered and signed for on March 27, 2014. The electronic receipt is included in the file and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On February 28, 2013, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): The Estate of Clayton Jay Fowler, President; and Allyson Fowler, Vice-President.
4. The Estate of Clayton Jay Fowler, was a in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
5. Allyson Fowler, was a in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.

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6. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
7. Respondent designated itself to the Commission as the operator of Well No.1 and the Tank Battery on the Tudor (64985) Lease ("subject well"/"subject lease") by filing a P-4 Form (Producers Transportation Authority and Certificate of Compliance) effective on August 1, 2007.
8. Respondent's P-5 (Organization Report) became delinquent on December 1, 2014. Respondent had a \$25,000 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
9. Production from Well No. 1 on the Tudor (64985) Lease ceased in November 2008.
10. The Statewide 14b2 plugging extension for Well No. 1 on the Tudor (64985) Lease were denied on December 28, 2010 for not filing an H-15.
11. The subject well has not been properly plugged in accordance with, and is not otherwise in compliance with, Statewide Rule 14.
12. Usable quality groundwater in the area is likely to be contaminated by migrations or discharges of saltwater and other oil and gas wastes from the subject well. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the probability of pollution.
13. The total estimated cost to the State for plugging Well No. 1 on the Tudor (64985) Lease is \$43,200.00.
14. Commission District inspections were conducted on July 26, 2013, September 12, 2013 and December 30, 2013 for the Tudor (64985) Lease. The signs or identification required to be posted at the well and the tank were missing.
15. Failure to properly identify a well by the posting of the sign required by Statewide Rule 3 has the potential for causing confusion and delay in remedying a violation or emergency and poses a threat to the public health and safety.
16. Commission District inspections were conducted on July 26, 2013, September 12, 2013 and December 30, 2013 for the Tudor (64985) Lease. There was a spill at Well No. 1 measuring 80 square feet and two spills at the tank battery measuring 90 square feet and 54 square feet respectively.
17. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.

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18. The unpermitted discharges of oil and gas wastes or other substances or materials on the subject lease constitute a hazard to public health and safety because leaks and spills of oil and produced waters onto soils can migrate into surface water bodies causing contamination or can leach into the ground and percolate through soils into groundwater supplies.
19. Commission District inspections were conducted on July 26, 2013, September 12, 2013 and December 30, 2013 for the Tudor (64985) Lease. Respondent failed to properly screen the tank, the tank was filled to overflowing and the net was submerged beneath the oil.
20. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject lease and subject well in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.

### **CONCLUSIONS OF LAW**

1. Proper notice was issued by the Railroad Commission to respondent and to all other appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this hearing have been performed or have occurred.
3. Respondent is in violation of Commission Statewide Rules 3, 8(d)(1), 14(b)(2) and 22(b).
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 3, which requires that each property that produces oil, gas or geothermal resources and each oil, gas or geothermal resource well and tank, or other approved crude oil measuring facility shall post signs or identification.
5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(1), which prohibits the discharge of oil and gas wastes without a permit.
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 22(b), which requires that an operator must screen, net, cover, or otherwise render harmless to birds open tank tops and pits associated with the exploration, development and production of oil and gas.
7. Respondent is responsible for maintaining the subject lease and subject well in compliance with all applicable Commission rules according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91 of the Texas Natural Resources Code.
8. The documented violations committed by the respondent constitute acts deemed serious, a hazard to the public health, and demonstrate a lack of good faith pursuant to TEX. NAT. RES. CODE ANN. §81.0531.

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9. As a person in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, The Estate of Clayton Jay Fowler, and any other organization in which he may hold a position of ownership or control, shall be subject to the restrictions of Texas Natural Resource Code Section 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, whichever is earlier.
10. As a person in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, Allyson Fowler, and any other organization in which she may hold a position of ownership or control, shall be subject to the restrictions of Texas Natural Resource Code Section 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, whichever is earlier.

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

1. OGL Holdings, LLC (619265) , shall plug the Tudor (64985) Lease, Well No. 1 and the Tank Battery, Reeves (San Andres) Field, Yoakum County, Texas in compliance with applicable Commission rules and regulations; and
2. OGL Holdings, LLC (619265), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TEN THOUSAND TWO HUNDRED THIRTY SIX DOLLARS (\$10,236.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing 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 TEX. GOV'T 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 90 days from the date the parties are notified of the order.

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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 \$10,000.00 per day per violation.

Done this 27<sup>th</sup> day of January 2015.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated January 27, 2015)

TJJ/sa