

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7C-0289067

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY AGAINST OGL HOLDINGS, LLC (619265) FOR VIOLATIONS OF STATEWIDE RULES ON THE COOPER (18078) LEASE, WELL NO. 1R, AND COOPER LEASE, WELL NO. 1 (713423), WILDCAT FIELD, RUNNELS COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on December 11, 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 October 23, 2014. The certified 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 and Allyson Fowler.
4. The Estate of Clayton Jay Fowler, was a officer in a position of ownership or control of respondent, as defined by Texas Natural Resource Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
5. The Estate of Allyson Fowler, was a officer in a position of ownership or control of respondent, as defined by Texas Natural Resource Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
6. The violations of Commission rules committed by respondent are related to safety and the

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control of pollution.

7. Respondent designated itself to the Commission as the operator of Well No. 1R on the Cooper (18078) Lease and Well No. 1 (713423) on the Cooper Lease ("subject well"/"subject lease") by filing a Form P-4 (Producers Transportation Authority and Certificate of Compliance) effective on April 15, 2012 for the Cooper (18078) Lease, Well No. 1R.
8. Respondent designated itself to the Commission as the operator of Well No. 1 (713423) on the Cooper Lease ("subject well"/"subject lease") by filing a Form W-1 (Application to Drill, Plug Back or ReEnter) filed on April 1, 2011.
9. 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.
10. The subject wells has not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
11. Well No. 1R on the on the Cooper (18078) Lease was completed in April 2012 and has never produced.
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. 1R on the Cooper (18078) Lease is \$10,000.00.
14. Commission District inspections were conducted on October 29, 2013, February 6, 2014 and April 8, 2014 for the Cooper (18078) Lease. The sign or identification required to be posted at Well No. 1R was 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 records hshow that the application of Respondent to drill a wellbore on the subject lease, under Permit No. 713423 was approved April 11, 2012. As part of this permit, under Conditions and Instructions, During Drilling, the permit states: "**Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (Phone number is on the permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, and production casing. The individual giving notification must be able to advise the district office of the drilling permit number."
17. Commission records show that Respondent failed to notify the District Office prior to setting

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and cementing the surface casing in the subject wellbore, as required. Commission District inspection reports conducted between October 29, 2013, February 6, 2014 and April 8, 2014, indicated that Respondent had completed the well.

18. Commission District inspection reports were conducted on October 29, 2013, February 6, 2014 and April 8, 2014 for the Cooper Lease. Well No. 1 (713423) has been completed with casing, but Respondent has not filed the required completion report.
19. The Respondent has not demonstrated good faith since it failed to properly plug otherwise place the subject leases and subject wells 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, 5(a), 14(b)(2) and 16(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 5(a), which requires that an application for a permit to drill, deepen, plug back or reenter any oil well, gas well, or geothermal resource well shall be made under the provisions of §§§§3.37, 3.38, 3.39 and/or 3.40 of this title (relating to Statewide Spacing Rule; Well Densities; Proration and Drilling units: contiguity of Acreage and Exception Thereto; and Assignment of Acreage to pooled Development and Proration Units) (Statewide Rules 37, 38, 39 and 40), or as an exception thereto, or under special rules governing any particular oil, gas, or geothermal resource field or as an exception thereto and filed with the Commission on a form approved by the Commission. An application must be accompanied by any relevant information, form, or certification required by the Railroad commission or a Commission representative necessary to determine compliance with this rule and state law.
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide

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Rule 16(b), which requires that the owner, or operator of an oil, gas or geothermal resource well, must within thirty days (30) after the completion of such well, or the plugging of such well, if the well is a dry hole, shall file with the Commission the appropriate completion or plugging report.

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.
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 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.

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 or otherwise place the Cooper (18078) Lease, Well No. 1R, and the Cooper Lease, Well No. 1 (713423), Wildcat Field, Runnels 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

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disposition as provided by law, an administrative penalty in the amount of **TEN THOUSAND FOUR HUNDRED AND TWO DOLLARS (\$10,402.00)**.

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.

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 6th of October 2015.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated October 6, 2015)

TJJ/sa