

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7C-0294462

ENFORCEMENT ACTION AGAINST GRANDFIELD CONSULTING, INC. (OPERATOR NO. 324811) FOR VIOLATIONS OF STATEWIDE RULES ON THE BRONTE CAPPS UNIT (02474) LEASE, WELL NO. 5, BRONTE (CAPPS LIME) FIELD, COKE COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on April 23, 2015 and that the respondent, Grandfield Consulting, Inc. (02474), failed to appear or respond to the Notice of Opportunity for 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. Grandfield Consulting, Inc. (324811), ("Respondent"), was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The returned certified mail containing the Original Complaint and the Notice of Opportunity for Hearing was returned to the Commission marked "Box Closed" and "Unable to Forward" on March 30, 2015, and has been on file with the commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On March 4, 2010, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Charles Mark Witt, President.
4. On March 14, 2011, Respondent, a Corporation, filed a Form P-4 with the Commission transferring the subject wells to Ivory Energy, LLC.
5. Charles Mark Witt 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.
6. Respondent designated itself to the Commission as the operator of Well No. 5 on the Bronte Capps Unit (02474) Lease ("subject wells"/"subject lease") by filing a P-4 Form (Producers Transportation Authority and Certificate of Compliance) effective on April 1, 2007.

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7. Respondent's P-5 (Organization Report) became delinquent on April 1, 2011. Respondent had a \$50,000 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
8. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
9. Well No. 5 of the Bronte Capps Unit (02474) Lease is a permitted injection well. On September 25, 2014, the subject well broke out at the surface causing a major discharge of produced water that affected an estimated ten to twenty acres. On September 27, 2014, while working on the well, it was discovered that a double ended packer had been set in the well at 250'. A field ticket dated December 20, 2010, shows that C.C. Forbes Company ("C.C. Forbes") did work on the Bronte Capps Unit (02474) Lease, Well No. 5, on behalf of Respondent. The ticket shows that C.C. Forbes ran two mechanical integrity tests on the whole string of casing in the well, however, pressure did not hold. A Packer was then inserted at approximately 250' feet and a test was run with eight joints, testing only the top end in order to circumvent testing the entire string of casing, knowing the casing wouldn't hold. With eight joints, pressure held. According to the field ticket, Respondent was charged \$2,162.50 for the December 20, 2010 work performed by C.C. Forbes on the subject well.
10. On January 3, 2011, Respondent filed a Commission Form H-5 for the Bronte Capps Unit (02474) Lease, Well No. 5, showing a test date of December 27, 2010. The test, which passed, was not witnessed by the Commission. By failing to conduct a pressure test on the whole string of casing of Well No. 5 of the Bronte Capps Unit (02474) Lease, Respondent failed to determine whether the well tubing, packer or casing have sufficient mechanical integrity to meet the performance standards of Rule 46.
11. On January 3, 2011, Respondent filed a Commission Form H-5 for the Bronte Capps Unit (02474) Lease, Well No. 5, showing that during the test the packer was set at a depth of 4499 feet when, in reality, it was set at a depth of only 250 feet. The Form H-5 was signed and certified by Mark Witt, president of Grandfield Consulting, Inc., as being made under his supervision or direction and containing true, correct and complete facts to the best of his knowledge.
12. By filing a Commission Form H-5 (Disposal/Injection Well Pressure Test Report) for the Bronte Capps Unit (02474), Well No. 5, showing the packer was set at a depth of 4499 feet, Respondent knowingly submitted a form to the Commission containing information which was false or untrue in a material fact in violation of TEX. NAT. RES. CODE ANN. §91.143(a)(1).
13. 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.
14. The respondent has not demonstrated good faith since it failed to plug or otherwise place the subject well in compliance after being notified of the violations by the District Office and

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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 46(j)(1) and TEX. NAT. RES. CODE ANN. §91.143.
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 46(j)(1), which require the mechanical integrity of an injection well to be evaluated by conducting pressure tests to determine whether the well tubing , packer or casing have sufficient mechanical integrity to meet the performance standard of this rule.
5. Respondent is responsible for maintaining the subject lease and subject wells 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.
6. 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.
7. 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, Charles Mark Witt, 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.

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

1. Grandfield Consulting, Inc. (324811), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SIXTEEN THOUSAND DOLLARS (\$16,000.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code §2001.142, by agreement under Tex. Gov't Code §2001.147, or by written Commission Order issued pursuant to Tex. Gov't 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 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 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 \$10,000.00 per day per violation.

Done this 17th day of November 2015.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
November 17, 2015)