

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
OIL AND GAS SECTION**

OIL AND GAS DOCKET NO. 01-0233733

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY TRINIDAD PETROLEUM, INC. (869975), AS TO THE MCCORVEY "C" (13775) LEASE, WELL NO. 1C, AND THE MCCORVEY -A- (12019) LEASE, WELL NOS. 1A, 2A AND 3A, BUCHANAN FIELD, CALDWELL COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on April 24, 2003, and that the respondent, Trinidad Petroleum, Inc. (869975), failed to appear or respond to the notice. 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. Trinidad Petroleum, Inc. (869975), ("Respondent") was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent P-5 address on the Form P-5 Organization Report, which was returned to the Commission marked "unclaimed."
2. The returned certified receipt containing the Original Complaint and the Notice of Opportunity for Hearing was returned to the Commission marked "unclaimed" on April 9, 2003. The returned certified receipt (green card) that was attached to the Notice of Opportunity for Hearing, sent to Michael G. Macs; President, was signed and returned to the Commission on March 19, 2003. The receipts have been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On July 11, 2000, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Michael G. Macs; President.
4. Respondent designated itself to the Commission as the operator of Well No. 1C on the McCorvey "C" (13775) Lease and Well Nos. 1A, 2A and 3A on the McCorvey -A- (12019) Lease ("subject wells"/"subject leases") by filing Form P-4's (Producers Transportation Authority and Certificate of Compliance) with the Commission effective on August 20, 1993 for Well No. 1C on the McCorvey "C" (13775) Lease and August 1, 1993 for Well Nos. 1A, 2A and 3A on the McCorvey -A- (12019) Lease.
5. According to Commission records the Respondent's Form P-5 (Organization Report)

became delinquent on July 1, 2001. Respondent paid a fee of \$100.00 as its financial assurance at the time of its last Form P-5 renewal.

6. All of the subject wells ceased production on or before July 31, 2001.
7. The subject wells were not properly plugged in accordance with, and were not otherwise in compliance with, Statewide Rule 14.
8. Usable quality groundwater in the area could have been contaminated by migrations or discharges of saltwater and other oil and gas wastes from the subject wells. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the probability of pollution.
9. The total estimated cost to the State of plugging the subject wells is \$5,204.00 for Well No. 1C on the McCorvey "C" (13775) Lease and \$14,090.00 for Well Nos. 1A, 2A and 3A on the McCorvey -A- (12019) Lease.
10. Commission district office inspections were conducted on March 18, 2002, April 22, 2002, May 23, 2002, November 12, 2002 and December 16, 2002 for the McCorvey -A- (12019) Lease. Respondent had caused or allowed an unauthorized discharge of produced fluid from the stuffing box at Well No. 1A affecting an area measuring approximately 9' x 5'.
11. No permit was been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
12. The unpermitted discharges of oil and gas wastes or other substances or materials on the subject lease constituted 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, leaching into the ground, and percolation through soils into groundwater supplies.
13. The Respondent did not demonstrate good faith since it failed to plug or otherwise place the subject leases and the 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.
14. The subject leases have been transferred to R & S Production Co. (687540), by filing Form P-4's (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on July 1, 2003 and approved on July 21, 2003.

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 8(d)(1) and 14(b)(2).

4. Respondent is responsible for maintaining the subject lease in compliance with Rule 8(d)(1), which prohibits the discharge of oil and gas wastes without a permit.
5. Respondent is responsible for maintaining the subject leases in compliance with all applicable Commission rules and for properly plugging the subject wells 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(c) (Vernon 2001).

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

1. Trinidad Petroleum, Inc. (869975), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **EIGHT THOUSAND FIVE HUNDRED DOLLARS (\$8,500.00)**.

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 order is served on the parties.

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 22nd day of July 2003.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated July 22, 2003)

MH/sa