

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

OIL AND GAS DOCKET NO. 01-0258241

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY ROCKLAND OIL COMPANY (723453), AS TO THE J.W. HARDEMAN (07983) LEASE, WELL NO. 2, LULING-BRANYON FIELD, CALDWELL COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on August 20, 2009, and that the respondent, Rockland Oil Company (723453), 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. Rockland Oil Company (723453), ("Respondent"), was given Notice of Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address, which was signed and returned to the Commission.
2. The returned certified receipt (green card) that was attached to the Original Complaint and the Notice of Hearing, was signed and returned to the Commission on June 19, 2009. The certified receipt has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On October 4, 2007, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Myron J. Palermo; President.
4. Myron J. Palermo, was a person 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. The violations of Commission rules committed by respondent are related to safety and the control of pollution.

6. Respondent designated itself to the Commission as the operator of Well No. 2 on the J.W. Hardeman (07983) Lease ("subject well"/"subject lease") by filing Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on October 1, 2007.
7. Respondent's P-5 (Organization Report) is active. Respondent has a \$50,000.00 Letter of Credit as its financial assurance.
8. A Commission District inspections were conducted on March 31, 2008 for the J.W. Hardeman (07983) Lease. The signs or identification required to be posted at the lease entrance and the well were missing.
9. 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.
10. Production from the subject well ceased on or before July 31, 1993.
11. The Statewide 14(b)(2) plugging extension for the subject well was denied on August 1, 2007 for failure to file a Form H-15 (Test On An Inactive Well More Than 25 Years Old).
12. The subject well has not been properly plugged in accordance with, and is not otherwise in compliance with Statewide Rule 14.
13. Usable quality groundwater 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 potential for pollution.
14. The estimated cost to the State of plugging the subject well is \$5,700.00.
15. Commission records indicate no Form H-15 (Test On An Inactive Well More Than 25 Years Old) has been filed and approved for the J.W. Hardeman (07983) Lease, Well No. 2. Commission records further show that J.W. Hardeman (07983) Lease, Well No. 2 was completed on December 20, 1981, that an H-15 test was due in May of 2007, and that the well has not been plugged.
16. 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.

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THORNTON ENERGY SERVICES, INC. (NYSE: TES) - 2019

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