

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

OIL AND GAS DOCKET NO. 04-0248630

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY JURASSIC EXPLORATION, INC. (448231), AS TO THE WALKER "A" (10014) LEASE, WELL NO. 3, RICHARD KING FIELD, WALKER -A- (08722) LEASE, WELL NO. 4, RICHARD KING (5430) FIELD, AND WALKER -A- (08580) LEASE, WELL NOS. 1, 5 AND 6, RICHARD KING (5500) FIELD, NUECES COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on September 20, 2007, and that the respondent, Jurassic Exploration, Inc. (448231), 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. Jurassic Exploration, Inc. (448231), ("Respondent") was given Notice of Hearing by certified mail, addressed to the most recent P-5 address on the Form P-5 Organization Report, 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 August 20, 2007. 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 July 31, 2006, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Jeff D. Thomas; President/Vice-President.
4. Jeff D. Thomas, was a person 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 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. 3 on the Walker "A" (10014) Lease, Well No. 4 on the Walker -A- (08722) Lease and Well Nos. 1, 5 and 6 on the Walker -A- (08580) Lease ("subject wells"/"subject leases") by filing Form P-4's (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on December 1, 2002.
7. According to Commission records the Respondent's Form P-5 (Organization Report) is delinquent as of February 1, 2008. Respondent had a \$50,000.00 Bond as its Financial Assurance at the time of its last P-5 renewal.
8. Commission district office inspections were conducted on June 9, 2006, January 18, 2007, March 8, 2007 and September 18, 2007 for the Walker "A" (10014) Lease. The sign or identification required to be posted at the well was missing.
9. Commission district office inspections were conducted on May 9, 2006, January 18, 2007, March 8, 2007 and September 18, 2007 for the Walker -A- (08722) Lease. The sign and or identification required to be posted at the well displayed incorrect information.
10. Commission district office inspections were conducted on June 16, 2006, January 18, 2007, March 8, 2007 and September 18, 2007 for the Walker -A- (08580) Lease. The sign or identification required to be posted at the well displayed incorrect information.
11. 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.
12. Well No. 3 on the Walker "A" (10014) Lease, was permitted as a salt water disposal well on November 23, 1982 (Permit No. 02800). Commission District records indicate that Well No. 3 is required to be tested every 5 years, and that the last reported mechanical integrity test on Well No. 3 is dated March 30, 1994.
13. Commission records for the Walker "A" (10014) Lease, Well No. 3, indicate that the well is inactive and has not passed the required H-5 test. The lease was severed by the Commission on January 6, 2006, for a delinquent H-5 violation. Commission inspection reports dated June 9, 2006, January 18, 2007, March 8, 2007 and September 18, 2007 show no changes, and Commission mainframe records still show the H-5 test is delinquent.
14. Production from Well No. 3 on the Walker "A" (10014) Lease ceased on or before January 1, 1993. Production from Well 4 on the Walker -A- (08722) Lease ceased on or before January 1, 1993. Production from Well Nos. 1, 5 and 6 on the Walker -A- (08580) Lease ceased on or before August 31, 2002.
15. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.

16. The estimated cost to the State of plugging the subject wells is \$14,900.00 for Well No. 3 on the Walker "A" (10014) Lease, \$7,000.00 for Well No. 4 on the Walker -A- (08722) Lease and \$44,700.00 for Well Nos. 1, 5 and 6 on the Walker -A- (08580) Lease.
17. On January 30, 2004, the Commission denied the 14(b)(2) plugging extension for Well No. 3 on the Walker "A" (10014) Lease because of an operator filing problem.
18. On January 31, 2003, the Commission denied the 14(b)(2) plugging extension for Well No. 4 on the Walker -A- (08722) Lease because of an operator filing problem.
19. On August 6, 2003, the Commission denied the 14(b)(2) plugging extensions for Well Nos. 1 and 6 on the Walker -A- (08580) Lease because H-15 tests were not on file.
20. On January 30, 2004, the Commission denied the 14(b)(2) plugging extension for Well No. 5 on the Walker -A- (08580) Lease because of an operator filing problem.
21. The Respondent has not demonstrated good faith since it failed to plug or 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.
22. A Commission district office inspection was conducted on June 9, 2006 for the Walker "A" (10014) Lease. A 2" flowline did not have a valve on it, and subsequently, oil and or oil based fluids flowed out, resulting in an oil-saturated area approximately 4' x 3'. Followup Commission inspections conducted on January 18, 2007, March 8, 2007 and September 18, 2007 show this spill to be properly remediated.
23. No permit was issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
24. 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 or can leach into the ground and percolate through soils into groundwater supplies.
25. A Commission district office inspection was conducted on May 9, 2006 for the Walker -A- (08722) Lease. Well No. 4 has no well control, no tubing or valve, and is open to the atmosphere. A follow up inspection conducted on September 18, 2007, shows this violation has been corrected.
26. A Commission district office inspection was conducted on June 16, 2006 for the Walker -A- (08580) Lease. Well Nos. 5 and 6 have no well control, no tubing, and are open to the atmosphere. A follow up inspection conducted on September 18, 2007, shows this violation has been corrected.
27. Maintenance of surface control by wellhead assemblies is necessary to prevent the discharge of oil and gas wastes on the subject lease constituting a hazard to public health and safety because the discharges of oil and gas wastes onto land surface can migrate into surface or subsurface waters.

28. Commission records indicate no Form H-15 (Test On An Inactive Well More Than 25 Years Old) has been filed and approved for the Walker -A- (08722) Lease, Well No. 4. Commission records further show that Walker -A- (08722) Lease, Well No. 3 was completed on October 5, 1976, that an H-15 test was due in May of 2003, and that the well has not been plugged.
29. Commission records indicate no Form H-15 (Test On An Inactive Well More Than 25 Years Old) has been filed and approved for the Walker -A- (08580) Lease, Well No. 1. Commission records further show that the Walker -A- (08580) Lease, Well No. 1 was completed on September 29, 1976, that an H-15 test was due in May of 2004, and that the well has not been plugged.
30. Commission records indicate no Form H-15 (Test On An Inactive Well More Than 25 Years Old) has been filed and approved for the Walker -A- (08580) Lease, Well No. 5. Commission records further show that Walker -A- (08580) Lease, Well No. 5 was completed on September 29, 1976, that an H-15 test was due in May of 2004, and that the well has not been plugged.
31. Commission records indicate no Form H-15 (Test On An Inactive Well More Than 25 Years Old) has been filed and approved for the Walker -A- (08580) Lease, Well No. 6. Commission records further show that Walker -A- (08580) Lease, Well No. 6 was completed on April 15, 1977, that an H-15 test was due in May of 2003, and that the well has not been plugged.
32. The respondent has not demonstrated good faith since it failed to 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 Statewide Rules 3, 8(d)(1), 9(12), 13(b)(1)(B), 14(b)(2) and 14(b)(3).
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 9(12), which requires that the mechanical integrity of a disposal well shall be evaluated by conducting pressure tests to determine whether the well tubing, packer, or casing having sufficient mechanical integrity.
7. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 13(b)(1)(B), which requires that surface control of all wells be maintained with wellhead assemblies.
8. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14(b)(3), which requires that the operator of any well more than 25 years old that becomes inactive shall plug or test such well to determine whether the well poses a potential threat of harm to natural resources, including surface and subsurface water, oil and gas.
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, Jeff D. Thomas, 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 sooner, if 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.
10. Respondent is responsible for maintaining the subject leases and 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.
11. 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. §85.166.

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

1. Jurassic Exploration, Inc. (448231), shall plug the Walker "A" (10014) Lease, Well No. 3, Richard King Field, Walker -A- (08722) Lease, Well No. 4, Richard King (5430) Field, and Walker -A- (08580) Lease, Well Nos. 1, 5 and 6, Richard King (5500) Field, Nueces County, Texas in compliance with applicable Commission rules and regulations; and
2. Jurassic Exploration, Inc. (448231), shall pay the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY SEVEN THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$27,750.00)**.

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 12th day of February 2008.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated February 12, 2008)

ME/sa