

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

OIL AND GAS DOCKET NO. 05-0230543

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY CASE, STANLEY BRUCE, OWNER, CASE PRODUCTION COMPANY (139115), AS TO THE THOMAS, H.H. (02197) LEASE, WELL NOS. 1 AND 1D, WISE, LAURA (03302) LEASE, WELL NOS. 1, AND THE BAKER-THOMAS UNIT (02968) LEASE, WELL NO. 1, WIELAND FIELD, HUNT COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on September 19, 2002, and that the respondent, Case, Stanley Bruce, Owner, Case Production Company (139115), 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. Case, Stanley Bruce, Owner, Case Production Company (139115), ("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 signed and returned to the Commission.
2. The returned certified receipt (green card) that was attached to the First Amended Original Complaint and the Notice of Hearing Opportunity was signed and returned to the Commission on August 6, 2002. The certified receipt has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. Respondent designated itself to the Commission as the operator of Well Nos. 1 and 1D on the Thomas, H.H. (02197) Lease Well No. 1 on the Wise, Laura (03302) Lease and Well No. 1 on the Baker-Thomas Unit (02968) Lease ("subject wells"/"subject leases") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on November 1, 1997 for all of the subject wells and subject leases.
4. According to Commission records the Respondent's Form P-5 (Organization Report)

became delinquent on February 1, 2000. Respondent paid a fee of \$1,500.00 as financial assurance at the time of its last Form P-5 renewal.

5. Well No. 1 on the Thomas, H.H. (02197) Lease ceased production on or before July 1997 and Well No. 1D on the Thomas, H.H. (02197) Lease ceased injection on or before February 1997. Well No. 1 on the Wise, Laura (03302) Lease ceased production on or before January 1993. Well No. 1 on the Baker-Thomas Unit (02968) Lease ceased production on or before April 1996.
6. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
7. 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.
8. The estimated cost to the State of plugging the subject wells is \$21,200.00 for Well Nos. 1 and 1D on the Thomas, H.H. (02197) Lease, \$10,600.00 for Well No. 1 on the Wise, Laura (03302) Lease and \$10,600.00 for Well No. 1 on the Baker-Thomas Unit (02968) Lease.
9. Commission district office inspections were conducted on September 10, 2001 and October 5, 2001 for the Thomas, H.H. (02197) Lease. Tall grass, weeds and brush had grown around the tank battery.
10. Commission district office inspections were conducted on September 10, 2001 and October 5, 2001 for the Thomas, H.H. (02197) Lease. The signs and or identification required to be posted at Well Nos. 1 and 1D were missing.
11. A Commission district office inspection was conducted on October 21, 1998 for the Wise, Laura (03302) Lease. The signs and or identification required to be posted at the Well No. 1 displayed incorrect information.
12. Commission district office inspections were conducted on September 10, 2001 and October 15, 2001 for the Baker-Thomas Unit (02968) Lease. The signs and or identification required to be posted at Well No. 1 was missing.
13. The Respondent has not demonstrated 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.

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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(a), 14(b)(2) and 21(i).
4. Respondent is responsible for maintaining the subject lease in compliance with Rule 3(a), 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 Rule 21(i), which requires that any rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least 150 feet from the vicinity of any well, tank, or pump station.
6. 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.
7. 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. Case, Stanley Bruce, Owner, Case Production Company (139115), shall plug the Thomas, H.H. (02197) Lease Well Nos. 1 and 1D, the Wise, Laura (03302) Lease, Well No. 1, and the Baker-Thomas Unit (02968) Lease, Well No. 1, Wieland Field, Hunt County, Texas in compliance with applicable Commission rules and regulations; and
2. Case, Stanley Bruce, Owner, Case Production Company (139115), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **NINE THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$9,750.00)**.

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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 21st day of January 2003.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated January 21, 2003)

SP/sa