

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

**OIL AND GAS DOCKET NO. 06-0221947**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY FRIO ENGINEERING, INC. (286607), AS TO THE PAUL MCKNIGHT (12347) LEASE, WELL NO. 1R, HAWKINS, NE (SUBCLARKSVILLE) FIELD, WOOD COUNTY; AND THE EFFIE HALE (11093) LEASE, WELL NO. 1, GOOD SPRINGS (PETTIT) FIELD, RUSK COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on December 9, 1999 and that the respondent, Frio Engineering, Inc. (286607), 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. Frio Engineering, Inc. (286607), ("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) address, 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 Opportunity for Hearing, was signed and returned to the Commission on October 14, 1999. 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 April 30, 1998, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual: Vern O.C. Wilson; President.
4. Respondent designated itself to the Commission as the operator of Well No. 1R on the Paul McKnight (12347) Lease and Well No. 1 on the Effie Hale (11093) Lease ("subject wells"/subject leases") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective on July 23, 1996 for Well No. 1R on the Paul McKnight (12347) Lease and April 1, 1996 for the Effie Hale (11093) Lease.
5. The subject wells have been dry or inactive for a period in excess of one year. Commission inspection and/or production reports indicate that the subject wells ceased production on or before June 1994 for Well No. 1R on the Paul McKnight (12347) Lease and December 1996 for Well No. 1 on the Effie Hale (11093) Lease.
6. The subject wells have not been properly plugged in accordance with, and are not otherwise

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in compliance with, Statewide Rule 14.

7. Usable quality water in the area is likely to be contaminated by migrations or discharges of saltwater and other oil and gas wastes from the subject wells. Unplugged wellbores constitute a cognizable threat to public health and safety because of the probability of pollution.
8. The estimated cost to the State of plugging the subject wells is \$12,500.00 for Well No. 1R on the Paul McKnight (12347) Lease and \$18,400.00 for Well No. 1 on the Effie Hale (11093) Lease.
9. A Commission district office inspection was conducted on July 3, 1998 for the Paul McKnight (12347) Lease. The bottom of the stock tank had rusted out, allowing approximately five barrels of oil to leak into the firewall. On September 9, 1998 a Commission inspection indicated that the five barrels of oil remained in the firewall and that two ducks had become trapped in the oil. Additionally Commission district office inspections were conducted on November 3, 1998, December 16, 1998 and February 19, 1999, indicating that the amount of oil in the firewall had progressively decreased from five barrels to one barrel, but had not been remediated.
10. No permit has been issued to Respondent for the discharge of oil and gas wastes on or from the subject lease.
11. The unpermitted discharges of oil and gas wastes or other substances or materials on the subject lease constitute 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.
12. The respondent did not demonstrate good faith since it failed to plug or otherwise place the subject wells and subject leases 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 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 wells and the subject leases in compliance with all applicable Statutes and Commission rules, specifically Statewide Rules

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14, 58, and 79 and Chapters 89 and 91, 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 1993).

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

1. Frio Engineering, Inc. (286607), shall plug and or otherwise place the Paul McKnight (12347) Lease, Well No. 1R, Hawkins, NE (Subclarksville) Field, Wood County; and the Effie Hale (11093) Lease, Well No. 1, Good Springs (Petitt) Field, Rusk County, Texas in compliance with applicable Commission rules and regulations; and
2. Frio Engineering, Inc. (286607), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500.00)**.

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 21st day of March, 2000.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated March 21, 2000)

MFE/sa