

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

OIL AND GAS DOCKET NO. 06-0232635

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY JAMES SPENCER GRIFFITH D/B/A QUATROS OPERATING COMPANY (684589), AS TO THE J. "A" STRANGE (00839) LEASE, WELL NOS. 2, 2A AND 3A, AND THE ANITA BOOKOUT (04414) LEASE, WELL NOS. 1, 3 AND 4, LONGWOOD (GOODLAND LIME) FIELD, HARRISON COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on January 27, 2003, and that the respondent, James Spencer Griffith d/b/a Quatros Operating Company (684589), 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. James Spencer Griffith d/b/a Quatros Operating Company (684589), ("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 "moved left no address."
2. The returned certified receipt containing the Original Complaint and the Notice of Opportunity for Hearing was returned to the Commission marked "moved left no address" on December 16, 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. 2, 2A and 3A on the J. "A" Strange (00839) Lease and Well Nos. 1, 3 and 4 on the Anita Bookout (04414) Lease ("subject wells"/"subject leases") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission on August 1, 1999 for both of the subject leases and all of the subject wells.
4. According to Commission records the Respondent's Form P-5 (Organization Report) became delinquent on November 1, 2002. Respondent paid a fee of \$1,500.00 as financial assurance at the time of its last Form P-5 renewal.

5. Well Nos. 2A and 3A on the J. "A" Strange (00839) Lease ceased production on or before February 28, 2001 and Well No. 2 on the J. "A" Strange (00839) Lease ceased disposal activity on or before April 1, 1992. Well Nos. 3 and 4 on the Anita Bookout (04414) Lease ceased production on or before February 28, 2001 and Well No. 1 on the Anita Bookout (04414) Lease ceased injection activity on or before February 28, 1999.
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 wells. 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 \$27,900.00 for Well Nos. 2, 2A and 3A on the J. "A" Strange (00839) Lease and \$55,800.00 for Well Nos. 1, 3 and 4 on the Anita Bookout (04414) Lease.
9. Commission district office inspections were conducted on August 16, 2002 and September 6, 2002 for the J."A" Strange (00839) Lease. The signs and or identification required to be posted at Well No. 2 was missing.
10. Commission district office inspections were conducted on August 16, 2002 and September 6, 2002 for the J. "A" Strange (00839) Lease. Respondent had caused or allowed an unauthorized discharge of oil at the firewall affecting an area measuring 75' x 60'. This report further indicated that the gun barrel at the site was leaking an undetermined substance affecting an undetermined area.
11. Commission district office inspections were conducted on August 16, 2002 and September 6, 2002 for the Anita Bookout (04414) Lease. Respondent had caused or allowed an unauthorized discharge of approximately 2 gallons of oil at the gun barrel, affecting an undetermined area.
12. No permit has been issued to Respondent for the discharge of oil and gas wastes on or from the subject lease.
13. 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, leaching into the ground, and percolation through soils into groundwater supplies.
14. Commission district office inspections were conducted on August 16, 2002 and September 6, 2002 for the J."A" Strange (00839) Lease. Well No. 3A had casing open to the atmosphere and did not have a wellhead assembly.
15. 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.

OIL AND GAS DOCKET NO. 06-0232635

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), 8(d)(1), 13(b)(1)(B) and 14(b)(2).
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 and or identification.
5. 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.
6. Respondent is responsible for maintaining the subject lease in compliance with Rule 13(b)(1)(B), which requires that surface control of all wells be maintained with wellhead assembly.
7. 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.
8. 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. James Spencer Griffith d/b/a Quatros Operating Company (684589), shall plug Well No. 2 on the J."A" Strange (00839) Lease, and Well No. 1 on the Anita Bookout (04414) Lease, Longwood (Goodland Lime) Field, Harrison County, Texas in compliance with applicable Commission rules and regulations; and
2. James Spencer Griffith d/b/a Quatros Operating Company (684589), shall plug or otherwise place the J. "A" Strange (00839) Lease, Well Nos. 2A and 3A, and Well Nos. 3 and 4 on the Anita Bookout (04414) Lease, Longwood (Goodland Lime) Field, Harrison County, Texas

OIL AND GAS DOCKET NO. 06-0232635

in compliance with applicable Commission rules and regulations; and

3. James Spencer Griffith d/b/a Quatros Operating Company (684589), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FIFTEEN THOUSAND SIX HUNDRED FIFTY DOLLARS (\$15,650.00)**.

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 April 2003.

RAILROAD COMMISSION OF TEXAS

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

MT/sa