

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

**OIL AND GAS DOCKET NO. 7B-0246537**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY TEX-ATIC RESOURCES, INC. (848438), AS TO THE WICKHAM, J.W. (27596) LEASE, WELL NO. 5, RAVEN CREEK (STRAWN 4980) FIELD, FISHER 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 June 8, 2006, and that the respondent, Tex-Atic Resources, Inc. (848438), 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. Tex-Atic Resources, Inc. (848438), ("Respondent") was given a 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 Original Complaint and the Notice of Opportunity for Hearing mailed to Respondent's most recent P-5 address was signed and returned to the Commission on March 28, 2006. 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 January 3, 2006, Respondent, a Corporation, filed a Form P-5 (Organization Report) with the Commission reporting that its officers consisted of the following individual(s): Lewis Johnson; President.
4. Lewis Johnson, 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. 5 on the Wickham, J.W. (27596) Lease ("subject well"/"subject lease") by filing a Form P-4 (Producers Transportation of Authority and Certificate of Compliance) with the Commission effective on August 1, 1999.
7. According to Commission records the Respondent's Form P-5 (Organization Report) is active. Respondent paid \$25,000 in cash as its financial assurance.
8. Respondent's W-1X was cancelled on September 15, 2005.
9. The subject well ceased production on or before March 2003.
10. The subject well has not been properly plugged in accordance with, and is not otherwise in compliance with, Statewide Rule 14.
11. 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.
12. The estimated cost to the State of plugging the subject well is \$8,800.00.
13. A Commission district office inspection was conducted on September 6, 2005 for the Wickham, J.W. (27596) Lease. Two 210 barrel tanks were seeping oil and produced water, affecting an area measuring approximately 170' x 30' x 6" deep. Followup inspections made on October 25, 2005 and December 5, 2005 showed the tanks continued to leak oil and produced water and that the affected area had not been cleaned.
14. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
15. 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.
16. Commission district office inspections were conducted on September 16, 2005, October 25, 2005 and December 5, 2005 for the Wickham, J.W. (27596) Lease. Well No. 5 has the pumping tee open to the atmosphere and is without a well head control.
17. 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.

18. Commission district office inspections were conducted on September 16, 2005, October 25, 2005 and December 5, 2005 on the Wickham, J.W. (27596) Lease. The bird net on the open tank had fallen into the fluid and was not being maintained thereby rendering the net useless.
19. The Respondent has not demonstrated good faith since it failed to 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.
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), 13(b)(1)(B), 14(b)(2) and 22(b).
4. 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.
5. 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 well head assemblies.
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 22(b), which requires that an operator must screen, net, cover, or otherwise render harmless to birds, open top tanks or pits.
7. Respondent is responsible for maintaining the subject lease and well 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.
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).

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, Lewis Johnson, 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 until 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, whichever is earlier.

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

1. Tex-Atic Resources, Inc. (848438), shall plug or place the Wickham, J.W. (27596) Lease, Well No. 5, Raven Creek (Strawn 4980) Field, Fisher County, Texas in compliance with Commission rules and regulations;
2. Tex-Atic Resources, Inc. (848438), shall place the Wickham, J.W. (27596) Lease into compliance with all Commission rules and regulations, including Statewide Rules 8, 13 and 22; and
3. Tex-Atic Resources, Inc. (848438), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FOUR THOUSAND FIVE HUNDRED DOLLARS (\$4,500.00)**.

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 parties are notified of the order.

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 10th day of October 2006.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order  
dated October 10, 2006)

JD/sa