

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

OIL AND GAS DOCKET NO. 09-0233172

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY RALPH P. GILLISPIE D/B/A MESQUITE ENERGY (561923), AS TO THE HEYDRICK, IDA ESTATE -A- (20097) LEASE, WELL NO. 1, IDA (CONGLOMERATE) FIELD, BAYLOR COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on March 20, 2003, and that the respondent, Ralph P. Gillispie d/b/a Mesquite Energy (561923), 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. Ralph P. Gillispie d/b/a Mesquite Energy (561923), ("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 containing the Original Complaint and the Notice of Opportunity for Hearing was signed and returned to the Commission on February 24, 2003. The 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 No. 1 on the Heydrick, Ida Estate -A- (20097) Lease ("subject well"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on October 1, 1999.
4. According to Commission records the Respondent's Form P-5 (Organization Report) became delinquent on September 1, 2000. Respondent paid a fee of \$100.00 as financial assurance at the time of its last Form P-5 renewal.
5. The subject well ceased production on or before February 2000.
6. The subject well has not been properly plugged in accordance with, and is 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 well is \$13,400.00.
9. Commission district office inspections were conducted on October 14, 2002 for the Heydrick, Ida Estate -A- (20097) Lease. The sign or identification required to be posted at the lease entrance was missing, the sign or identification at Well No. 1 did not display the correct operator and the sign or identification at the tank battery displayed incorrect information.
10. A Commission district office inspection was conducted on July 31, 2002 for the Heydrick, Ida Estate -A- (20097) Lease. Respondent maintained an unlined earthen reserve pit measuring 12' x 24' x 5' containing 12' of storm water near Well No. 1. Commission district office inspections were conducted on August 20, 2002 and October 14, 2002 the pit remained open with no standing fluids.
11. Unfilled pits constitute a hazard to public health and safety because of the potential for illegal dumping in the pits and the potential for surface run-off to collect in the pit and seep into subsurface waters.
12. According to Commission records the last approved H-5 test was performed on February 1, 1996. The Heydrick, Ida Estate -A- (20097) Lease, Well No. 1, was severed on October 26, 2001 for Respondent's failure to provide the Commission with a successful H-5 mechanical integrity test, required every five years. A district office inspection was conducted on October 14, 2002 indicating that there was 50 psi fluid pressure on the tubing annulus.
13. The Respondent has not demonstrated good faith since it failed to plug or otherwise place the subject lease and the 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 3(a), 8(d)(4)(G)(i)(III), 14(b)(2) and 46 (j).
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 8(d)(4)(G)(i)(III), which requires workover pits to be dewatered, filled and compacted within 120 days from completion of workover operations.
6. Respondent is responsible for maintaining the subject lease in compliance with Rule 46(j), which requires that each injection well shall be evaluated by conducting pressure tests to determine whether the well tubing, packer or casing have sufficient mechanical integrity.
7. Respondent is responsible for maintaining the subject lease in compliance with all applicable Commission rules and for properly plugging the subject well 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. Ralph P. Gillispie d/b/a Mesquite Energy (561923), shall plug or otherwise place the Heydrick, Ida Estate -A- (20097) Lease, Well No. 1, Ida (Conglomerate) Field, Baylor County, Texas in compliance with applicable Commission rules and regulations; and
2. Ralph P. Gillispie d/b/a Mesquite Energy (561923) , shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FIVE THOUSAND TWO HUNDRED FIFTY DOLLARS (\$5,250.00)**.

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 5th day of August 2003.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated August 5, 2003)

SP/sa