

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

OIL AND GAS DOCKET NO. 09-0221391

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY KENBRO, INC. (455798), AS TO THE SONS, JESSIE LEASE, WELL NO. 1 (416047), BOLIVAR FIELD, DENTON COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on July 29, 1999, and that the respondent, Kenbro, Inc. (455798), 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. Kenbro, Inc. (455798), ("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 June 30, 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. Respondent designated itself to the Commission as the operator of Well No. 1 (416047) on the Sons, Jessie Lease ("subject wells"/"subject leases") by filing a Form W-1 (Application to Drill, Deepen, Plug Back or Re-Enter) with the Commission, issued on September 14, 1993.
4. The subject well has been dry or inactive for a period in excess of one year. Commission inspection and/or production reports indicate that the long string casing was set in the well on October 13, 1993.
5. The subject well has not properly plugged in accordance with, and is not otherwise in compliance with, Statewide Rule 14.
6. Usable quality water in the area is likely to be contaminated by migrations or discharges

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of saltwater and other oil and gas wastes from the subject well. Unplugged wellbores constitute a cognizable threat to public health and safety because of the probability of pollution.

7. The estimated cost to the State of plugging the well is \$1,900.00.
8. Commission district office inspections were conducted on July 31, 1998 and February 3, 1999 for the Sons, Jessie Lease. Well No. 1 (416047) does not have wellhead assembly and has casing open to the atmosphere.
9. Commission district office inspections were conducted on July 31, 1998 and February 3, 1999 for the Sons, Jessie Lease. Well No. 1 (416047) has been completed with casing, but Respondent has not filed the required completion report.
10. The respondent has not demonstrated good faith since it failed to plug or otherwise place the subject well and subject lease 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 13(b)(1)(B), 14(b)(2) and 16(a).
4. Respondent is responsible for maintaining the subject lease in compliance with Rule 13(b)(1)(B), which requires that surface control of all wells must be maintained with wellhead assemblies.
5. Respondent is responsible for maintaining the subject lease in compliance with Rule 16(a), which requires that the owner, or operator of an oil, gas or geothermal resource well, must within thirty days (30) after the completion of such well, or the plugging of such well, if the well is a dry hole, shall file with the Commission the appropriate completion or plugging report.
6. Respondent is responsible for maintaining the subject well and lease in compliance with all applicable Statutes and Commission rules, specifically Statewide Rules 14, 58, and 79 and Chapters 89 and 91, 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.

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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. Kenbro, Inc. (455798), shall plug and or otherwise place the Sons, Jessie Lease, Well NO. 1 (416047), Bolivar Field, Denton County, Texas in compliance with applicable Commission rules and regulations; and
2. Kenbro, Inc. (455798), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWO THOUSAND DOLLARS FIVE HUNDRED (\$2,500.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after it is actually mailed to the parties by the Commission; provided that if a motion for rehearing is filed by any party at interest within such 20-day period, this order shall not become final and effective until such motion is overruled, or if rehearing 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 19th day of October, 1999.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated October 19, 1999)

MFE/sa