

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

**OIL AND GAS DOCKET NO. 09-0262811**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY ADRIAN AMES, SOLE PROPRIETOR (019789), AS TO THE CITY OF GOREE (08662) LEASE, WELL NOS. 1, 3 AND 4, AND P.V. CARTWRIGHT (20607) LEASE, WELL NOS. 1, 2, 7305 AND 7307, GOREE FIELD, KNOX 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 January 27, 2011 and that the respondent, Adrian Ames, Sole Proprietor (019789), failed to appear or respond to the Notice of Hearing. 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. Adrian Ames, Sole Proprietor (019789), ("Respondent") was given Notice of 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 certified receipt containing the Original Complaint and the Notice of Hearing was mailed to Respondent's most recent P-5 address, which was received and signed for on December 24, 2010. The confirmation and electronic receipt has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On January 30, 2007, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its owner consisted of the following individual(s): Adrian Ames, Sole Proprietor.
4. Adrian Ames, as Sole Proprietor, was 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 Nos. 1, 3 and 4 on the City of Goree (08662) Lease and Well Nos. 1, 2, 7305 and 7307 on the P.V. Cartwright (20607) Lease ("subject wells"/"subject leases") by filing P-4 Forms (Producers Transportation Authority and Certificate of Compliance) with the Commission effective on January 30, 2007 for Well Nos. 1, 3 and 4 on the City of Goree (08662) and June 7, 2006 for Well Nos. 1, 2, 7305 and 7307 on the P.V. Cartwright (20607) Lease.
7. Commission records indicate that Respondent's Form P-5 (Organization Report) became delinquent on June 1, 2011. Respondent had a \$50,000.00 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
8. Well No. 1 on the City of Goree (08662) Lease is a permitted salt water injection well and ceased injection on or before December 31, 2000.
9. Well Nos. 3 and 4 on the City of Goree (08662) Lease ceased production on or before April 30, 2002.
10. Well No. 1 on the P.V. Cartwright (20607) Lease is a permitted saltwater disposal well and ceased injection on or before February 29, 2008.
11. Well Nos. 2, 7305 and 7307 on the P.V. Cartwright (20607) Lease ceased production on or before June 30, 2008.
12. The Statewide Rule 14(b)(2) extension for Well No. 1 on the City of Goree (08662) Lease was denied on July 28, 2003 for an H-5 issue.
13. The Statewide Rule 14(b)(2) extension for Well No. 3 on the City of Goree (08662) Lease was denied on August 27, 2004 because an H-15 (Test On An Inactive Well More Than 25 Years Old) was not filed.
14. The Statewide Rule 14(b)(2) extension for Well No. 4 on the City of Goree (08662) Lease was denied on February 12, 2007 for other well violations.
15. The Statewide Rule 14(b)(2) extension for Well No. 1 on the P.V. Cartwright (20607) Lease was denied on August 27, 2004 for an H-5 issue.
16. The Statewide Rule 14(b)(2) extension for Well Nos. 2 and 7305 on the P.V. Cartwright (20607) Lease were denied on August 11, 2006 for failure to file an H-15 (Test On An Inactive Well More Than 25 Years Old) and other well violations.
17. The Statewide Rule 14(b)(2) extension for Well No. 7307 on the P.V. Cartwright (20607) Lease was denied on July 7, 2009 for other well violations.

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18. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
19. 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.
20. The estimated cost to the State of plugging Well Nos. 1, 3 and 4 on the City of Goree (08662) Lease is \$10,800.00.
21. The estimated cost to the State of plugging Well Nos. 1, 2, 7305 and 7307 on the P.V. Cartwright (20607) Lease is \$14,400.00.
22. Commission District inspections were conducted on April 23, 2009, July 21, 2009, November 8, 2010 and December 10, 2010 for the City of Goree (08662) Lease. The signs or identification required to be posted at Well No. 3 was missing and the signs or identification required for Well Nos. 1 and 4 displayed incorrect information.
23. Commission District inspections were conducted on April 16, 2009, July 14, 2009 and December 10, 2010 for the P.V. Cartwright (20607) Lease. The sign or identification required to be posted at Well No. 1 was missing.
24. Failure to properly identify a well by the posting of the sign required by Statewide Rule 3 has the potential for causing confusion and delay in remedying a violation or emergency and poses a threat to the public health and safety.
25. The City of Goree (08662) Lease, Well No. 1 was permitted as a salt water disposal well on March 23, 2001 (Permit No. 02720). Commission District records indicate that Well No. 1 is required to be tested every 5 years, and that the last approved test was conducted on August 20, 1999.
26. Commission District inspections were conducted on April 23, 2009, July 21, 2009, November 8, 2010 and December 10, 2010 for the City of Goree (08662) Lease. Well No. 1 is inactive and the required H-5 test is delinquent.
27. Commission District inspections were conducted on April 16, 2009, July 14, 2009 and December 10, 2010 for the P.V. Cartwright (20607) Lease. Well Nos. 2 and 7307 have the casing bradenhead open to the atmosphere.
28. 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.

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29. Commission records indicate no Form H-15 (Test On An Inactive Well More Than 25 Years Old) has been filed and approved for the City of Goree (08662) Lease, Well No. 3. Commission records further show that the City of Goree (08662) Lease, Well No. 3 was completed on July 19, 1976, an H-15 test was due in May of 2004, and the well has not been plugged.
30. Well No. 1 on the Cartwright, P.V. (West) (08662) Lease is a permitted saltwater injection well by Permit No. 14339, dated October 26, 29914. Permit No. 14339 for Well No. 1 requires pressure tests on the well, with test results reported to the Commission. If a wellhead is not equipped with a pressure observation valve on the tubing and for each annulus of a well an accurate pressure test cannot be made, and the well cannot be monitored for any significant pressure changes that might indicate the presence of leaks in the well. A Commission District inspection report dated April 16, 2009 and December 10, 2010 for Well No. 1 showed the well was not equipped with a pressure observation valve for the casing annulus or surface casing annulus.
31. The Respondent has not demonstrated good faith since it failed to plug or otherwise place the subject leases and wells in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.
32. Respondent has a prior history of Commission rule violations including the following docket(s):  
  
Docket No. 09-0251291; Final Agreed Order Served: October 23, 2007.

### **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 ,9(12), 13(b)(1)(B), 14(b)(2), 14(b)(3) and 46(g)(2).
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 3, 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 have signs posted at all times.
5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 9(12), which requires that the mechanical integrity of a disposal well shall be evaluated by conducting pressure tests to determine whether the well tubing, packer, or casing have sufficient mechanical integrity.

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6. 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 wellhead assemblies.
7. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14(b)(3), which requires the operator of any well more than 25 years old that becomes inactive shall plug the well or successfully conduct a fluid level or hydraulic pressure test establishing that the well does not pose a potential threat of harm to natural resources, including surface and subsurface water, oil and gas.
8. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 46(g)(2), which requires the wellhead shall be equipped with a pressure observation valve on the tubing and for each annulus of the well.
9. Respondent is responsible for maintaining the subject leases and subject wells 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.
10. 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.
11. 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, Adrian Ames 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. Adrian Ames, Sole Proprietor (019789), shall plug the City of Goree (08662) Lease, Well Nos. 1, 3 and 4, and the P.V. Cartwright (20607) Lease, Well Nos. 1, 2, 7305 and 7307, Goree Field, Knox County, Texas in compliance with applicable Commission rules and regulations; and
2. Adrian Ames, Sole Proprietor (019789), shall pay the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY THREE THOUSAND DOLLARS (\$23,000.00)**.

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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. GOVT. 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 11th day of July 2011.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master  
Order dated July 11, 2011)

JMD/sa