

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

OIL AND GAS DOCKET NO. 02-0201033

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY BARCO OIL & GAS CO. (049170) AND /OR PROGAS PROPERTIES, INC. (681150), AS TO THE STANFORD, FRED S. LEASE, WELL NO. 1L (126345), TORO GRANDE (FB-A 9200 SD.) FIELD, AND THE STANFORD, FRED S. LEASE, WELL NO. 1U (126346), TORO GRANDE (FB-B 8800 YEGUA) FIELD, JACKSON COUNTY, TEXAS

AMENDED FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on November 1, 1999 and that the respondent, Barco Oil & Gas Co. (049170) and Progas Properties, Inc. (681150), 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. Barco Oil & Gas Co. (049170) and Progas Properties, Inc. (681150), ("respondents") were 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 returned to the Commission marked "forwarding order expired" for Barco Oil & Gas Co. (049170) and "unclaimed" for Progas Properties, Inc. (681150)
2. The returned certified receipts containing the First Amended Original Complaint and the Notice of Hearing Opportunity, was returned to the Commission marked "forwarding order expired" for Barco Oil & Gas Co. (049170) and "unclaimed" for Progas Properties, Inc. (681150) on September 20, 1999 and October 5, 1999. The certified receipts have been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On February 20, 1992, Respondent, Barco Oil & Gas Co., a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individuals: John W. Bahr; President and Jim A. Stewart; Vice-President.

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4. On August 20, 1998, Respondent, Progas Properties, Inc., a Corporation, filed an Organization Report (From P-5) with the Commission reporting that its officers consisted of the following individuals: Daniel L. Polk; President and Hollis D. Drennan; Vice-President.
5. Barco Oil & Gas Co., Respondent, designated itself to the Commission as the operator of Well Nos. 1L (126345) and 1U (126346) on the Stanford, Fred S. Lease ("subject wells"/subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective on September 1, 1989 for both of the subject wells.
6. Progas Properties, Inc., Respondent, designated itself to the Commission as the operator of Well No. 1L (126345) on the Stanford, Fred S. Lease ("subject well"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance), on May 30, 1995, that was approved to process by the Examiner on June 30, 1995 but was never processed by the Commission. A letter was sent to the Commission dated August 14, 1996 from Mr. Dan Polk; President of Progas Properties, Inc. The letter indicated that Mr. Dan Polk had a lease from the land and mineral owner, indicating that Progas Properties, Inc. had taken over operations of the dual or triple completion Well No. 1L (126345) and 1U (126346), and that they had worked over the well and were going to figure out how to complete the well or plug it.
7. The subject wells have been dry or inactive for a period in excess of one year. Commission inspection and/or production reports indicate that the subject wells ceased production on or before January 1, 1993.
8. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
9. Usable quality water 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 public health and safety because of the probability of pollution.
10. The estimated cost to the State of plugging all of the subject wells is \$17,832.00 total.
11. The respondents did not demonstrate good faith since it failed to plug or otherwise place the subject wells 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.

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12. The Respondent, Progas Properties, Inc. has a prior history of Commission rule violations including the following docket(s):

Docket No. 03-0219774; Rule 14 & 46; Final Order Served: April 30, 1999.

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. Progas is in violation of Commission Statewide Rule 14(b)(2).
4. Progas is responsible for maintaining the subject wells and the subject 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.
5. 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 1993).

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

1. Progas Properties, Inc. (681150), shall plug and or otherwise place the Stanford, Fred S. Lease, Well No. 1L (126345), Toro Grande (FB-A 9200 SD.) Field, and the Stanford, Fred S. Lease, Well No. 1U (126346), Toro Grande (FB-B 8800 Yegua) Field, Jackson County, Texas in compliance with applicable Commission rules and regulations; and
2. Progas Properties, Inc., shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FOUR THOUSAND DOLLARS (\$4,000.00)**.

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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. 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 8th day of February, 2000.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master
Order dated February 8, 2000)

MFE/sa