

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

OIL AND GAS DOCKET NO. 03-0212051

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY GREEN MOUNTAIN OIL & GAS COMPANY (331047), AS TO THE BLACK STONE MINERALS (08750) LEASE, WELL NOS. 5, 6, 7, 8, 9 AND 10, BATSON NEW FIELD, HARDIN COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on April 13, 2000 and that the respondent, Green Mountain Oil & Gas Company (331047), 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. Green Mountain Oil & Gas Company (331047), ("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 returned to the Commission marked "forwarding order expired, return to sender."
2. The returned certified receipt containing the Original Complaint and the Notice of Opportunity for Hearing, was returned to the Commission marked "forwarding order expired, return to sender" on March 31, 2000. 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 June 2, 1994, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission on reporting that its officers consisted of the following individual(s): Thomas Warren Kent; President.
4. Respondent designated itself to the Commission as the operator of Well Nos. 5, 6, 7, 8, 9 and 10 on the Black Stone Minerals (08750) Lease ("subject wells"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance), with the Commission effective on November 1, 1993.

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5. The subject wells have been dry or inactive for a period in excess of one year. Commission inspection and/or production reports indicate that subject Well Nos. 5, 6, 7, 9 and 10 ceased production on or before August 31, 1994. Well No. 8 is a disposal well; injection ceased on or before February 1, 1992.
6. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
7. 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.
8. The estimated cost to the State of plugging the subject wells is \$65,377.50.
9. Commission district office inspections were conducted on November 2, 1994, March 23, 1995, April 17, 1995, June 14, 1995 and July 10, 1995 for the Black Stone Minerals (08750) Lease. Approximately five to ten barrels of oil had saturated the ground at the separator, affecting an area approximately 30' x 75' x 1". A Commission district office inspection conducted on October 29, 1998 for the Black Stone Minerals (08750) Lease indicated that the pollution had been naturally remediated.
10. Commission district office inspections conducted on June 14, 1995 and July 10, 1995 for the Black Stone Minerals (08750) Lease indicated that the salt water tank was overflowing its rim, affecting an area behind the tank with salt crystals and oil saturated soil. A Commission district office inspection conducted on October 29, 1998 for the Black Stone Minerals (08750) Lease indicated that the pollution had been naturally remediated.
11. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
12. 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.
13. The respondent 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.

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

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parties in this hearing have been performed or have occurred.

3. Respondent is in violation of Commission Statewide Rules 8(d)(1) and 14(b)(2).
4. Respondent is responsible for maintaining the subject lease in compliance with Rule 8(d)(1), which prohibits the discharge of oil and gas wastes without a permit.
5. Respondent 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.
6. 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. Green Mountain Oil & Gas Company (331047), shall plug the Black Stone Minerals (08750) Lease, Well Nos. 5, 6, 7, 8, 9 and 10, Batson New Field, Hardin County, Texas in compliance with applicable Commission rules and regulations; and
2. Green Mountain Oil & Gas Company (331047), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FOURTEEN THOUSAND DOLLARS (\$14,000.00)**.

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 otherwise 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.

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Done this 22nd day of June, 2000.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated June 22, 2000)

MFK/sa