

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

OIL AND GAS DOCKET NO. 03-0219456

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY SHARP OIL CORP. (770774), AS TO THE SAFT, HELEN (10137) LEASE, WELL NO. 1, BONNEY, NW (7260 MARG.) FIELD, BRAZORIA COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on December 30, 1999 and that the respondent, Sharp Oil Corp. (770774), 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. Sharp Oil Corp. (770774), ("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 signed and returned to the Commission.
2. The returned certified receipt (green card) that was attached to the Original Complaint and the Notice of Opportunity for Hearing was signed and returned to the Commission on October 29, 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. On July 24, 1996, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individuals: Shing Tsu Chang; President, Farrell G. Butler Jr.; Vice-President and Helen Smith; Secretary.
4. Respondent designated itself to the Commission as the operator of Well No. 1 on the Saft, Helen (10137) Lease ("subject well"/subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance), effective on June 1, 1987.
5. The subject well has been dry or inactive for a period in excess of one year. Commission inspection and/or production reports indicate that of the subject well ceased production on or before January 1, 1993.
6. The subject well has not been properly plugged in accordance with, and is not otherwise

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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 well. 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 well is \$12,009.00.
9. Commission records indicate that the drilling of Well No. 1 on the Saft, Helen (10137) Lease was completed on or about January 24, 1972.
10. Commission records indicate that no Form H-15 (Test on an Inactive Well More Than 25 Years Old) has been filed and approved for the Saft, Helen (10137) Lease, Well No. 1. The required test report was due on May 31, 1997 and became delinquent on or about July 7, 1997.
11. A Commission district office inspection was conducted on April 21, 1998 for the Saft, Helen (10137) Lease. The signs or identification required to be posted at the lease entrance and Well No. 1 were missing.
12. The respondent did not demonstrate 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 3(a), 14(b)(2) and 14(b)(2)(E).
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 14(b)(2)(E), which requires that the operator of any well more than 25 years old that becomes inactive shall plug or test such well to determine whether the well poses a potential threat of harm to natural resources, including surface and subsurface water, oil and gas.
6. Respondent is responsible for maintaining the subject well and the subject lease in compliance with all applicable Statutes and Commission rules, specifically Statewide Rules

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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. 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. Sharp Oil Corp. (770774), shall plug and or otherwise place the Saft, Helen (10137) Lease, Well No. 1, Bonney, NW (7260 Marg.) Field, Brazoria County, Texas in compliance with applicable Commission rules and regulations; and
2. Sharp Oil Corp. (770774), 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)**.

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 21st day of March, 2000.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated March 21, 2000)

MFE/sa