

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

**OIL AND GAS DOCKET NO. 03-0220054**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY AMERICAN CASCADE ENERGY, INC. (017900), AS TO THE TEXACO FEE LEASE, WELL NO. 1 (145486), RAYWOOD (VICKSBURG EAST) FIELD, THE TEXACO FEE LEASE, WELL NOS. 2 (410615) AND 3 (419869), WILDCAT FIELD, LIBERTY 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 September 16, 1999 and that the respondent, American Cascade Energy, Inc. (017900), 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. American Cascade Energy, Inc. (017900), ("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 "unclaimed."
2. The returned certified receipt containing the Original Complaint and the Notice of Opportunity for Hearing, was returned to the Commission marked "unclaimed" on July 15, 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 29, 1997, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual: Frank Roberts; Resident Agent.
4. Respondent designated itself to the Commission as the operator of Well No. 1 (145486) on the Texaco Fee Lease ("subject well"/subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission, effective on January 7, 1993 for Well No. 1 (145486). Respondent designated itself to the Commission as the operator of Well Nos. 2 (410615) and 3 (419869) on the Texaco Fee Lease ("subject wells"/ "subject lease") by filing a Forms W-1 (Application to Drill, Deepen, Plug Back or Re-Enter) with the Commission, on April 19, 1993 for Well No. 2 (410615) and January 13, 1994 for Well No. 3 (419869).
5. The subject wells have been dry or inactive for a period in excess of one year. Commission

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inspection and/or production reports indicate that the subject wells ceased production on or before February 28, 1994, for Well No. 1 (145486) on the Texaco Fee Lease. Commission records reflect that Well Nos. 2 (410615) and 3 (419869) on the Texaco Fee Lease were never completed and never produced.

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 wells is \$11,340.00 for Well No. 1 (145486), \$11,463.00 for Well No. 2 (410615) and \$12,000.00 for Well No. 3 (419869).
9. Commission district office inspections were conducted on April 21, 1998, May 4, 1998, May 26, 1998, June 17, 1998, July 13, 1998, August 11, 1998, September 21, 1998, November 16, 1998, February 16, 1999 and May 11, 1999 for Well No. 2 (410615) on the Texaco Fee Lease. Respondent had failed to empty and backfill three drilling pits measuring 114' x 150', 15' x 90' and 5' x 30'. The May 11, 1999 lease inspection revealed that the pits contained fresh water from a recent storm.
10. Commission district office inspections were conducted on April 21, 1998, May 4, 1998, May 26, 1998, June 17, 1998, July 13, 1998, August 11, 1998, September 21, 1998, November 16, 1998, February 16, 1999 and May 11, 1999 for Well No. 3 (419869) on the Texaco Fee Lease. Respondent had failed to empty and backfill three drilling pits measuring 10' x 75', 75' x 183' and 18' x 52'. The May 11, 1999 lease inspection revealed that the pits contained fresh water from a recent storm.
11. Unfilled pits constitute a hazard to public health and safety because of the potential for illegal dumping in the pits and the potential for surface run-off to collect in the pits and seep into subsurface waters.
12. Commission district office inspections were conducted on April 21, 1998, May 4, 1998, May 26, 1998, June 17, 1998, July 13, 1998, August 11, 1998, September 21, 1998, November 16, 1998 and February 16, 1999 on the Texaco Fee Lease. Well No. 3 (419869) has been completed with casing and a wellhead, but Respondent has not filed the required completion report.
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**

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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 8(d)(4)((G)(i)(I), 14(b)(2) and 16(a).
4. Respondent is responsible for maintaining the subject lease in compliance with Rule 8(d)(4)(G)(i)(I), which requires reserve pits and mud circulation pits to be dewatered, backfilled and compacted within one year of cessation of drilling operations.
5. Respondent is responsible for maintaining the subject lease in compliance with Rule 16(a), which requires the owner or operator of an oil gas or geothermal resource well must within thirty (30) days 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 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.
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. American Cascade Energy, Inc. (017900), shall plug and or otherwise place the Texaco Fee Lease, Well No. 1 (145486), Raywood (Vicksburg East) Field, the Texaco Fee Lease, Well Nos. 2 (410615) and 3 (419869), Wildcat Field, Liberty County, Texas in compliance with applicable Commission rules and regulations; and
2. American Cascade Energy, Inc. (017900), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FIFTEEN THOUSAND DOLLARS (\$15,000.00)**.

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It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after 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 21st day of December, 1999.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order  
dated December 21, 1999)

MH/sa