

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

**OIL AND GAS DOCKET NO. 03-0220185**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY MSI ENVIRONMENTAL, L.L.C. (518928), AS TO THE CLUBB, A.J. #1 (11899) LEASE, WELL NOS. 1 AND 1A, HULL 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 July 12, 1999, and that the respondent, MSI Environmental, L.L.C. (518928), 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. MSI Environmental, L.L.C. (518928), ("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 "refused."
2. The returned certified receipt containing the Original Complaint and the Notice of Hearing Opportunity, was returned to the Commission marked "refused" on June 17, 1999 and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. Respondent designated itself to the Commission as the operator of Well Nos. 1 and 1A on the Clubb, A.J. #1 (11899) Lease ("subject wells"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission, effective on January 27, 1997.
4. 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 injection on or before December 1996.
5. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
6. 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.
7. The estimated cost to plugging the subject wells is \$8,382.00.

## **OIL AND GAS DOCKET NO. 03-0220185**

8. A Commission district office inspection was conducted on October 21, 1997 for the Clubb, A.J. #1 (11899) Lease. The pit near Well No. 1 had been covered with dirt, but grey/black sludge was surfacing through the dirt and a large area of oily soil had been deposited near Well No. 1. The Commission district office inspection conducted on December 17, 1997 indicated oil saturated soil remained in the pit where the Respondent failed to empty the pit prior to backfilling. Respondent improperly attempted to bury the oil and/or sludge discharge at the pit site. Commission district office inspections were conducted on March 5, 1998, April 13, 1998, May 6, 1998, August 11, 1998, October 12, 1998 and December 14, 1998 indicated that the oily soil remained near Well No. 1 and at the old pit site. The soil analysis conducted on May 5, 1998 at the pit site indicated a level of 3% total petroleum hydrocarbons. A final Commission inspection report was conducted on February 16, 1999 indicated hard oily soil measuring approximately 1' x 6' was located at the pit site.
9. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
10. 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.
11. The respondent has not demonstrated good faith since it failed to plug or otherwise place the subject wells and subject leases 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 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

**OIL AND GAS DOCKET NO. 03-0220185**

becomes final:

1. MSI Environmental, L.L.C. (518928), shall plug and or otherwise place the Clubb, A.J. #1 (11899) Lease, Well Nos. 1 and 1A, Hull Field, Liberty County, Texas
2. MSI Environmental, L.L.C. (518928), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500.00)**.

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 31<sup>st</sup> day of August, 1999.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated August 31, 1999)

MFE/sa