

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

OIL AND GAS DOCKET NO. 04-0264102

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY TEXAS INJECTION, L.P. (846642), AS TO THE YZAGUIRRE, MANUEL LEASE, WELL NO. 2 (046009), YZAGUIRRE (5000) FIELD AND YZAGUIRRE, MANUEL (10136) LEASE, WELL NO. 4, YZAGUIRRE (4540) FIELD, STARR COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on March 22, 2012 and that the respondent, Texas Injection, L.P. (846642), failed to appear or respond to the Notice of Hearing. 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. Texas Injection, L.P. (846642), ("Respondent") was given a Notice of Hearing by certified mail, addressed to the most recent P-5 address on the Form P-5 Organization Report.
2. The returned certified receipt attached to the Original Complaint and the Notice of Hearing mailed to Respondent's most recent P-5 address, was signed and verified by the electronic return on February 15, 2012. The certified electronic verification has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On March 30, 2009, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its managers consisted of the following individual(s): Louis O'Neil Suard, Jr.; Manager.
4. Louis O'Neil Suard, Jr., as manager, was in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
5. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
6. Respondent designated itself to the Commission as the operator of Well No. 2 (046009) on the Yzaguirre, Manuel Lease and Well No. 4 on the Yzaguirre, Manuel (10136) Lease ("subject wells"/"subject leases") by filing a P-4 Form (Producer's Transportation Authority and Certificate of Authority) effective on April 1, 2002 for both of the subject wells and subject leases.

7. Commission records indicate that Respondent's Form P-5 (Organization Report) became delinquent on May 1, 2011. Respondent had \$25,000.00 cash as its financial assurance at the time of its last P-5 renewal.
8. Well No. 2 (046009) on the Yzaguirre, Manuel Lease ceased disposal in June 2004.
9. Well No. 4 on the Yzaguirre, Manuel (10136) Lease ceased disposal in July 2002.
10. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
11. The Statewide Rule 14b2 extension for Well No. 2 (046009) on the Yzaguirre, Manuel Lease was denied on August 21, 2004 for an H-5 issue.
12. The Statewide Rule 14b2 extension for Well No. 4 on the Yzaguirre, Manuel (10136) Lease was denied on October 26, 2002 for an H-5 issue.
13. Usable quality groundwater in the area could 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 the public health and safety because of the probability of pollution.
14. The estimated cost to the State of plugging Well No. 2 (046009) on the Yzaguirre, Manuel Lease is \$26,000.00.
15. The estimated cost to the State of plugging Well No. 4 on the Yzaguirre, Manuel (10136) Lease is \$26,000.00.
16. Commission records reflect Respondent has failed to file the Commission Form H-10 (Annual Disposal/Injection Well Report) for Well No. 4 of the Yzaguirre, Manuel Lease for the 2008/2009 cycle.
17. Commission records indicate on July 17, 2003, Respondent conducted a failed pressure test for Well No. 2 (046009) and an inconclusive pressure test on Well No. 4 of the Yzaguirre, Manuel Lease. Records further show Respondent has failed to conduct a successful pressure test for subject wells.
18. The Respondent did not demonstrate good faith since it failed to plug or otherwise place the subject leases and wells 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 to 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 responsible for maintaining the subject lease in compliance with Statewide Rules 14(b)(2), 9(11)(A) and 9(12)(C)(I).

4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 9(11)(A), which requires that the operator shall monitor the injection pressure and injection rate of each disposal well on at least a monthly basis.
5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 9(12)(C)(I), which requires that each disposal well completed with surface casing set and cemented through the entire interval of protected usable-quality water shall be tested for mechanical integrity at least once every five years.
6. Respondent is responsible for maintaining the subject leases and subject wells in compliance with all applicable Commission rules according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91 of the 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.
8. As a person in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, Louis O'Neil Suard, Jr., and any other organization in which he may hold a position of ownership or control, shall be subject to the restrictions of Texas Natural Resource Code Section 91.114(a)(2) for a period of no more than seven years from the date the order entered in this matter becomes final, or until the conditions that constituted the violations herein are corrected or are being corrected in accordance with a schedule to which the Commission and the organization have agreed; and all administrative, civil, and criminal penalties and all cleanup and plugging costs incurred by the State relating to those conditions are paid or are being paid in accordance with a schedule to which the Commission and the organization have agreed, whichever is earlier.

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

1. Texas Injection, L.P. (846642), shall plug the Yzaguirre, Manuel Lease, Well No. 2 (046009), Yzaguirre (5000) Field, and the Yzaguirre, Manuel (10136) Lease, Well No. 4, Yzaguirre (4540) Field, Starr County, Texas in compliance with applicable Commission rules and regulations;
2. Texas Injection, L.P. (846642), shall pay the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **EIGHT THOUSAND FIVE HUNDRED DOLLARS (\$8,500.00)**.

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. GOVT. 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 parties are notified of the order.

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 7th day of August 2012.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated August 7, 2012)

MRC/sa