

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

OIL AND GAS DOCKET NO. 04-0266306

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY MISSION RIVER SYSTEMS, INC. (570411) AS TO THE SWEENEY, J.J. LEASE, WELL NO. 4 (190554), DONNA (8500) FIELD, HIDALGO COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on January 31, 2013, and that the respondent, Mission River Systems, Inc. (570411), failed to appear or respond to the Notice of Opportunity for 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. Mission River Systems, Inc. (570411), ("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, which was signed and returned to the Commission.
2. The returned certified receipt attached to Original Complaint and the Notice of Opportunity for Hearing mailed to Respondents, most recent P-5 address, was signed and returned to the Commission on November 28, 2012. 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 March 9, 2012, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Jimmie B. Myers; President.
4. Jimmie B. Myers, was a person 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. 4 (190554) on the Sweeney, J.J. Lease ("subject well"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission that became effective on November 15, 2006.
7. According to Commission records the Respondent's Form P-5 (Organization Report) became delinquent on December 1, 2012. Respondent had \$50,000.00 cash as its financial assurance at the time.
8. Commission District inspections were conducted on April 27, 2009, July 20, 2009, January 19, 2010, February 25, 2011 and December 17, 2012 for the Sweeney, J.J. Lease. The signs or identification required to be posted at the lease entrance and the well were missing.
9. Failure to properly identify a well by the posting of the sign required by Statewide Rule 3 has the potential for causing confusion and delay in remedying a violation or emergency and poses a threat to the public health and safety.
10. The subject well has not been properly plugged in accordance with, and is not otherwise in compliance with, Statewide Rule 14.
11. The subject well ceased production in April 2010.
12. The Statewide 14b2 plugging extension for Well No. 4 (190554) on the Sweeney, J.J. Lease was denied on April 2, 2009, for failure to file an H-15 (Test On An Inactive Well More Than 25 Years Old).
13. Usable quality groundwater 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 the public health and safety because of the probability of pollution.
14. The total estimated cost to the State of plugging the subject well is \$60,900.00.
15. Commission records reflect that on April 2, 2009, the Commission gave Respondent notice by certified mail of the alleged facts or conduct of the Respondent in the operation or production of oil or gas from the Sweeney, J.J. Lease that appeared to violate the oil and gas conservation laws of this state, or rules or orders of the Commission adopted under those laws, to warrant the cancellation of the certificate of compliance. Said notice gave Respondent an opportunity to show compliance with all requirements of law for retention of the certificate of compliance.
16. Commission records reflect that Respondent did not timely show compliance with all requirements of law for retention of the certificate of compliance, and as a result, the certificate of compliance for the Sweeney, J.J. Lease was cancelled, and Respondent given notice of such cancellation on May 2, 2009.

17. Production reports filed by Respondent with the Commission for the Sweeney, J.J. Lease, from June 2009 to April 2010, show Respondent produced an approximate total of 44,208 mcf of gas from the Sweeney, J.J. Lease after the certificate of compliance had been cancelled and before a new certificate of compliance had been issued.
18. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject lease and subject wells in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.
19. Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 02-0247291; Final Order Served: January 3, 2007;
Docket No. 04-0256334; Final Order Served: September 23, 2008;
Docket No. 04-0257472; Final Order Served: September 23, 2008;
Docket No. 04-0262719; Final Order Served: October 17, 2011; and
Docket No. 04-0266998; Final Order Served: October 12, 2011.

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 in violation of Commission Statewide Rules 3, 14(b)(2), Tex. Nat. Res. Code Ann. §85.166 and 73(i).
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 3, 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 Statewide Rule 73(i), which provides that upon cancellation of the certificate of compliance for a well, the operator of such wells shall not produce oil, gas, or geothermal resources from that well until a new certificate of compliance with respect to the well has been issued by the Commission.
6. Respondent is responsible for maintaining the subject lease and subject well 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, Jimmie B. Myers, 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. Mission River Systems, Inc. (570411), shall plug or otherwise place the Sweeney, J.J. Lease, Well No. 4 (190554), Donna (8500) Field, Hidalgo County, Texas in compliance with applicable Commission rules and regulations; and
2. Mission River Systems, Inc. (570411), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **ELEVEN THOUSAND DOLLARS (\$11,000.00)**.

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 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 24th day of May 2013.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated May 24, 2013)

TJJ/sa