

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

OIL AND GAS DOCKET NO. 06-0223651

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY N. NICHOLAS COWELL, SOLE PROPRIETOR, OFFSPRING WELL SALVAGE (618934), AS TO THE CAMERON "A" LEASE, WELL NO. 1 (107811), RED LAND, NORTH (TRAVIS PEAK) FIELD, ANGELINA COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on April 20, 2000 and that the respondent, N. Nicholas Cowell, Sole Proprietor, Offspring Well Salvage (618934), 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. N. Nicholas Cowell, Sole Proprietor, Offspring Well Salvage (618934), ("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 April 4, 2000. The certified receipt 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 No. 1 (107811) on the Cameron "A" Lease ("subject well"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance), with the Commission effective on August 28, 1998.
4. Between September 22 and the 28th, 1998, Commission personnel witnessed the plugging of Well No. 1 (107811) on the Cameron "A" Lease. Despite repeated requests by the Commission District Office for Respondent to file the requisite plugging report, Respondent has failed to do so.
5. An inspection report dated October 12, 1999 for the Cameron "A" Lease indicated Respondent had failed to backfill a workover pit measuring approximately 30' x 30' at Well No. 1. The well had been plugged for more than one year and had no workover operations performed on it subsequent thereto.

6. 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 pit and seep into subsurface waters.
7. The respondent did not demonstrate good faith since it failed to place the 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.
8. Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 03-0221604; Rule 14; Final Order Served: December 10, 1999;
Docket No. 04-0221509; Rules 8 & 14; Final Order Served: July 16, 1999; and
Docket No. 04-0221513; Rules 8 & 14; Final Order Served: July 16, 1999.

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)(4)(G)(i)(III) and 14(b)(1).
4. Respondent is responsible for maintaining the subject lease in compliance with Rule 8(d)(4)(G)(i)(III), which requires workover pits to be dewatered, filled and compacted within 120 days from completion of workover operations.
5. Respondent is responsible for maintaining the subject lease in compliance with Rule 14(b)(1), which requires that the operator shall complete and file in the district office a duly verified plugging report, within 30 thirty days after plugging operations are completed.
6. Respondent is responsible for maintaining 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. N. Nicholas Cowell, Sole Proprietor, Offspring Well Salvage (618934), shall place the Cameron "A" Lease, Red Land, North (Travis Peak) Field, Angelina County, Texas in compliance with applicable Commission rules and regulations; and
2. N. Nicholas Cowell, Sole Proprietor, Offspring Well Salvage (618934), shall pay to the

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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 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 otherwise 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 22nd day of June, 2000.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated June 22, 2000)

MT/sa