

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

OIL AND GAS DOCKET NO. 6E-0260807

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY GLADE OPERATING CO. (307603), AS TO THE CHRISTIAN, L. (06930) LEASE, WELL NOS. 1, 2, 4, 5, 6, 7 AND 9, AND THE DOUGLAS, MARTIN (07156) LEASE, WELL NO. 2, EAST TEXAS FIELD, GREGG COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on March 4, 2010, and that the respondent, Glade Operating Co. (307603), 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. Glade Operating Co. (307603), ("Respondent") was given Notice of Hearing by certified mail, addressed to the most recent P-5 address on the Form P-5 Organization Report.
2. A united States Postal Service Track and Confirm confirmation form shows that the certified mail containing the Notice of Hearing was delivered on January 22, 2010. This confirmation form has been on file with the Commission for more than 15 days.
3. On December 1, 2008, Respondent filed an Organization Report (Form P-5) with the Commission reporting that its trustee consisted of the following individual(s): John F. Bell; Trustee.
4. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
5. Respondent designated itself to the Commission as the operator of Well Nos. 1, 2, 4, 5, 6, 7 and 9 on the Christian, L. (06930) Lease by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission that became effective on November 16, 2000.

6. Respondent designated itself to the Commission as the operator of Well No. 2 on the Douglas, Martin (07156) Lease by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission that became effective on October 15, 2002.
7. Respondent's Form P-5 (Organization Report) is active. Respondent has a \$50,000.00 Letter of Credit as its financial assurance.
8. Well Nos. 1, 2, 4, 5, 6, 7 and 9 on the Christian L. (06930) Lease ceased production on or before March 1, 1998.
9. Well No. 2 on the Douglas, Martin (07156) Lease ceased production on or before March 2000.
10. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with Statewide Rule 14. Plugging extensions for all of the subject wells were denied on September 26, 2008, for well violations and on December 21, 2008, for delinquent H-15 tests.
11. 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 wells. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the probability of pollution.
12. The total estimated cost to the State of plugging Well Nos. 1, 2, 4, 5, 6, 7 and 9 on the Christian, L. (06930) Lease is \$221,200.00.
13. The total estimated cost to the State of plugging Well No. 2 on the Douglas, Martin (07156) Lease is \$31,600.00.
14. Commission District inspections were conducted on May 9, 2008 and June 24, 2008 for the Douglas, Martin (07156) Lease. Well No. 2 is leaking oil and affecting the ground surface around the well.
15. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
16. 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.
17. Commission District inspections were conducted on May 28, 2008, July 24, 2008 and September 16, 2008 for the Christian, L. (06930) Lease. The vegetation is overgrown and borders the firewall closer than 150'.

18. On July 31, 2008, Respondent filed Commission Form H15 (Test On An Inactive Well More Than 25 Years Old) with the Commission showing that: (1) Well No. 1 of the Christian, L. (06930) Lease was tested on June 17, 2008 and had a fluid level of 1380'; (2) Well No. 2 was tested on June 17, 2008 and had a fluid level of 1380'; (3) Well No. 4 was tested on June 17, 2008 and had a fluid level of 1410'; (4) Well No. 5 was tested on June 17, 2008 and had a fluid level of 1410'; (5) Well No. 7 was tested on June 17, 2008 and had a fluid level of 1410'; and (6) Well No. 9 was tested on June 17, 2008 and had a fluid level of 1410'.
19. Each Commission Form H-15 (Test On An Inactive Well More Than 25 Years Old) referenced above was certified by Respondent to have been prepared by it or under its supervision and direction, and that the data and facts stated therein to contain true, correct and complete information to the best of Respondent's knowledge as evidenced by the signature of its Trustee, John F. Bell.
20. On August 11, 2008, the Commission conducted its own fluid level tests of Well Nos. 1, 2, 4, 5, 7 and 9 of the Christian, L. (06930) Lease and found the following fluid levels: (1) 0' for Well No. 1; (2) 290' for Well No. 2; (3) 600' for Well No. 4; (4) 0' for Well No. 5; (5) 0' for Well No. 7; and (6) 200' for Well No. 9.
21. By filing Forms H-15 (Test On An Inactive Well More Than 25 Years Old) with the Commission which reflected inaccurate fluid levels for Well Nos. 1, 2, 4, 5, 7 and 9 of the Christian, L. (06930) Lease, Respondent knowingly submitted forms containing information which was false or untrue in a material fact in violation of Tex. Nat. Res. Code Ann. §91.143(a)(1).
22. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise place the subject leases 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.

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 8(d)(1), 14(b)(2), 21(i) and Tex. Nat. Res. Code Ann. §91.143(a)(1).
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(1), which prohibits the discharge of oil and gas wastes without a permit.

5. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 21(i), which requires that any rubbish or debris that might constitute a fire hazard be removed.
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(c).

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

1. Glade Operating Co. (307603), shall properly plug the Christian, L. (06930) Lease, Well Nos. 1, 2, 4, 5, 6, 7 and 9, and the Douglas, Martin (07156) Lease, Well No. 2, East Texas Field, Gregg County, Texas in compliance with applicable Commission rules and regulations;
2. Glade Operating Co. (307603), shall place the Christian, L. (06930) Lease, and the Douglas, Martin (07156) Lease, East Texas Field, Gregg County, Texas in compliance with applicable Commission rules and regulations; and
3. Glade Operating Co. (307603), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY FOUR THOUSAND DOLLARS (\$24,000.00)**.

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 10th day of August 2010.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated August 10, 2010)

JMD/sa