

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

OIL AND GAS DOCKET NO. 7B-0231150

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY HAGGARD, TRACY ALLEN, SOLE PROPRIETOR, HAGGARD OPERATING COMPANY (342745), SWENSON RANCH 266 (27027) LEASE, WELL NO. 1, CURTIS (CONGL LOWER) FIELD, THROCKMORTON COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on June 17, 2002, and that the respondent, Haggard, Tracy Allen, Sole Proprietor, Haggard Operating Company (342745), failed to appear or respond to the notice. Pursuant to § 1.49 of the Commission's General Rules of Practice and Procedure [Tex. 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. Haggard, Tracy Allen, Sole Proprietor, Haggard Operating Company (342745), ("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 returned to the Commission marked "refused."
2. The returned certified receipt containing the Original Complaint and the Notice of Opportunity for Hearing was returned to the Commission marked "refused" on May 17, 2002. 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 Nos. 1 on the Swenson Ranch 266 (27027) Lease ("subject well"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on July 1, 2000.
4. According to Commission records the Respondent's Form P-5 (Organization Report) became delinquent on August 1, 2001. Respondent paid a fee of \$100.00 as financial assurance at the time of its last Form P-5 renewal.
5. The subject well ceased production on or before May 1999.

6. The subject well has not been properly plugged in accordance with, and is not otherwise in compliance with, Statewide Rule 14.
7. 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.
8. The estimated cost to the State for plugging the subject well is \$11,000.00.
9. Commission district office inspections were conducted on January 14, 2002 and February 25, 2002 for the Swenson Ranch 266 (27027) Lease. The signs and or identification required to be posted at Well No. 1 was missing and the sign or identification at tank displayed incorrect information.
10. Commission district office inspections were conducted on December 1, 2001, January 14, 2002 and February 25, 2002 for the Swenson Ranch 266 (27027) Lease. Well No. 1 was leaking oil and produced water and affecting an area measuring approximately 10' x 12' wide, 30' long and 2 to 3" deep.
11. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
12. 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, leaching into the ground and percolate through soils into groundwater supplies.
13. Commission district office inspections were conducted on December 1, 2001, January 14, 2002 and February 25, 2002 for the Swenson Ranch 266 (27027) Lease. The well head on Well No. 1 was not properly packed off allowing gas and produced fluids to flow unrestricted through slips holding the tubing.
14. Commission district office inspections were conducted on January 14, 2002 and February 25, 2002 on the Swenson Ranch 266 (27027) Lease. The firewall around the tank battery had weathered down and had not been rebuilt. Due to the tank battery being located on the west bank of Dry Draw, the Commission deemed it an objectionable hazard and required a firewall.
15. The Respondent has not demonstrated good faith since it failed to plug or otherwise place the subject lease and the subject well in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.

OIL AND GAS DOCKET NO. 7B-0231150

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(a), 8(d)(1), 13(b)(1)(B), 14(b)(2) and 21(j).
4. Respondent is responsible for maintaining the subject lease in compliance with Rule 3(a), 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 Rule 8(d)(1), which prohibits the discharge of oil and gas wastes without a permit.
6. Respondent is responsible for maintaining the subject lease in compliance with Rule 13(b)(1)(B), which requires that surface control of all wells be maintained with wellhead assembly.
7. Respondent is responsible for maintaining the subject lease in compliance with Rule 21(j), requiring that fire walls must be erected and kept around all permanent oil tanks, or battery of tanks, where such tanks are so located as to be deemed by the Commission to be an objectionable hazard.
8. Respondent is responsible for maintaining the subject lease in compliance with all applicable Commission rules and for properly plugging the subject well according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91 of the Texas Natural Resources Code.
9. 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 2001).

OIL AND GAS DOCKET NO. 7B-0231150

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

1. Haggard, Tracy Allen, Sole Proprietor, Haggard Operating Company (342745), shall plug or otherwise place the Swenson Ranch 266 (27027) Lease, Well No. 1, Curtis (Congl Lower) Field, Throckmorton County, Texas in compliance with applicable Commission rules and regulations; and
2. Haggard, Tracy Allen, Sole Proprietor, Haggard Operating Company (342745), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SIX THOUSAND TWO HUNDRED FIFTY DOLLARS (\$6,250.00)**.

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 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 13th day of November 2002.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated November 13, 2002)

SP/sa