

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

**OIL AND GAS DOCKET NO. 7B-0247629**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY ATASCA RESOURCES, INC. (035643), AS TO THE SUGGS-HICKMAN (JENNINGS) UNIT (25878) LEASE, SUGGS-HICKMAN (JENNINGS) FIELD, NOLAN COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on September 27, 2012, and that the respondent, Atasca Resources, Inc. (035643), 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. Atasca Resources, Inc. (035643), ("Respondent"), was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address, which was returned to the Commission.
2. The returned certified envelope containing the Original Complaint and the Notice of Opportunity for Hearing, was delivered to the last P-5 address on August 20, 2012, no other information is available. The returned certified envelope containing the Original Complaint and the Notice of Opportunity for Hearing, addressed to the President; Richard M. Bowman, was returned to the Commission marked "unclaimed" on September 17, 2012. The certified envelope has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On January 12, 2009, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Richard M. Bowman; President.

4. Richard M. Bowman, 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. Atasca Resources, Inc. (035643), Respondent, designated itself to the Commission as the operator of the Suggs-Hickman (Jennings) Unit (25878) Lease ("subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on January 1, 1997.
7. Atasca Resources, Inc. (035643), Respondent's P-5 (Organization Report) became delinquent on December 1, 2010. Respondent had a \$50,000 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
8. Commission District inspections were conducted on September 29, 2004, October 20, 2004, October 21, 2004, October 28, 2004, November 1, 2004, September 26, 2005, June 28, 2007 and July 26, 2010 for the Suggs-Hickman (Jennings) Unit (25878) Lease. On the September 29, 2004 inspection there was a fresh water well contaminated with oil. On the following inspections it was indicated that the operator did little to remediate the problem. An inspection dated July 10, 2009 states the inspector met with the landowner and the land owner states at this time, no oil appeared in his water. An intra-agency email dated July 27, 2010 states "given the amounts pumped and the passage of time, whatever might have remained is minimal now, and has probably migrated away from the wells. Thus, while Atasca did little to remediate the problem, current evidence suggests that the situation might be "resolved." A inspection conducted on September 24, 2012 does not reflect what is happening in the water wells and indicates there is no surface pollution.
9. The Respondent has not demonstrated good faith since it failed to timely plug or otherwise 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.
10. The Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 02-0246075; Final Order served: December 19, 2006;  
Docket No. 03-0246964; Final Order Served: July 18, 2007;  
Docket No. 03-0249770; Final Order Served: February 6, 2007;  
Docket No. 03-0249803; Final Order Served: April 24, 2006;  
Docket No. 03-0254778; Final Order Served: June 9, 2008;  
Docket No. 03-0257796; Final Order Served: March 3, 2011;  
Docket No. 03-0260963; Final Order Served: September 14, 2009; and  
Docket No. 04-0257475; Final Order Served: September 29, 2009.

## 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 Rule 8(b).
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(b), which requires that no person conducting activities subject to the regulation by the Commission may cause or allow pollution of surface or subsurface water in the state.
5. Respondent is responsible for maintaining the subject lease 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.
6. 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©.
7. 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, Richard M. Bowman, 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. Atasca Resources, Inc. (035643), shall place the Suggs-Hickman (Jennings) Unit (25878) Lease, Suggs-Hickman (Jennings) Field, Nolan County, Texas in compliance with applicable Commission rules and regulations; and
2. Atasca Resources, Inc. (035643), shall pay the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty the total amount of **TWENTY THOUSAND DOLLARS (\$20,000.00) less FIFTEEN THOUSAND DOLLARS (\$15,000.00) already received.**

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 26<sup>th</sup> day of March 2013.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated March 26, 2013)

MFE/sa