

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

**OIL AND GAS DOCKET NO. 7C-0231678**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY PERMIAN WEST CORP. (655842), AS TO THE TEXACO SHANNON ESTATE (14376) LEASE, WELL NO. 1, TODD, NW (SAN ANDRES) FIELD, AND THE TEXACO SHANNON ESTATE (09710) LEASE, WELL NO. 2, TODD (SAN ANDRES) FIELD, CROCKETT 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 9, 2002, and that the respondent, Permian West Corp. (655842), 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. Permian West Corp. (655842), ("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 (green card) that was attached to the Original Complaint and the Notice of Hearing Opportunity was signed and returned to the Commission on August 5, 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. On September 25, 2000, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting its officers to be the following individual(s): Frelan Dale Fields; President.
4. Respondent designated itself to the Commission as the operator of Well No. 1 on the Texaco Shannon Estate (14376) Lease and Well No. 2 on the Texaco Shannon Estate (09710) Lease ("subject wells"/"subject leases") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on April 1, 1997 for both of the subject wells and subject leases.

5. According to Commission records the Respondent's Form P-5 (Organization Report) became delinquent on September 1, 2001. Respondent paid a fee of \$100.00 as financial assurance at the time of its last Form P-5 renewal.
6. The subject wells ceased production on or before January 31, 1997 for Well No. 1 on the Texaco Shannon Estate (14376) Lease and December 31, 1992 for Well No. 2 on the Texaco Shannon Estate (09710).
7. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
8. The estimated cost to the State for plugging the wells is \$12,000.00 for Well No. 1 on the Texaco Shannon Estate (14376) Lease and \$12,000.00 for Well No. 2 on the Texaco Shannon Estate (09710) Lease.
9. 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.
10. A Commission district office inspection was conducted on April 26, 2002 for the Texaco Shannon Estate (14376) Lease. Respondent had caused or allowed a discharge of oil from a hole in the bottom of a 210 barrel storage tank affecting an area measuring 5' x 3'.
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 percolation through soils into groundwater supplies.
13. A Commission district office inspection was conducted on April 26, 2002 for the Texaco Shannon Estate (14376) Lease. Respondent had failed to properly screen a 210 barrel open top water tank.
14. A Commission district office inspection was conducted on April 26, 2002 for the Texaco Shannon Estate (09710) Lease. The signs and or identification required to be posted at the wellhead did not display the current operator name.
15. The Respondent has not demonstrated good faith since it failed to otherwise 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.

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**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), 14(b)(2) and 22(b).
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 22(b), which requires an operator who maintains a tank or pit to screen, net, cover or otherwise render harmless birds.
7. 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.
8. 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).

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

1. Permian West Corp. (655842), shall plug the Texaco Shannon Estate (14376) Lease, Well No. 1, Todd, NW (San Andres) Field, and the Texaco Shannon Estate (09710) Lease, Well No. 2, Todd (San Andres) Field, Crockett County, Texas in compliance with applicable Commission rules and regulations; and
2. Permian West Corp. (655842), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FIVE THOUSAND TWO HUNDRED FIFTY DOLLARS (\$5,250.00)**.

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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 7th day of January 2003.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated January 7, 2003)

SP/sa