

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

OIL AND GAS DOCKET NO. 7C-0232365

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY COCHISE ENERGY, INC. (163079), AS TO THE FORRISTALL (04830) LEASE, WELL NO. 4101, TIPPETT (WOLFCAMP LOWER) FIELD, AND THE FORRISTALL -A- (02293) LEASE, WELL NOS. 412D AND 1A, TIPPETT FIELD, CROCKETT COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on July 7, 2003, and that the respondent, Cochise Energy, Inc. (163079), 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. Cochise Energy, Inc. (163079), ("Respondent") was given Notice of 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 "not deliverable as addressed, unable to forward."
2. The returned certified receipt containing the Original Complaint and the Notice of Hearing was returned to the Commission marked "not deliverable as addressed, unable to forward" on May 1, 2003. The returned certified receipts (green cards) that were attached to the Original Complaint and the Notice of Hearing were signed and returned by the President; Jimmy Craig Porter, on April 3, 2003 and the Vice-President; Randall Logan Capps, on April 10, 2003. The certified receipts have been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On October 26, 2000, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Jimmy Craig Porter; President, and Randall Logan Capps; Vice-President.
4. Respondent designated itself to the Commission as the operator of Well No. 4101 on the Forristall (04830) Lease and Well Nos. 412D and 1A on the Forristall -A- (02293) Lease ("subject wells"/"subject leases") by filing Form P-4's (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on November 1, 1997 for all of the subject wells and subject leases.

5. According to Commission records the Respondent's Form P-5 (Organization Report) became delinquent on November 1, 2001. Respondent paid a fee of \$100.00 as its financial assurance at the time of its last Form P-5 renewal.
6. The subject wells ceased production on or before October 31, 1994 for Well No. 4101 on the Forristall (04830) Lease and Well No. 1A on the Forristall -A- (02293) Lease. Well No. 412D on the Forristall -A- (02293) Lease ceased injection on or before March 31, 2001.
7. The subject wells have not been properly plugged in accordance with, or placed in compliance with, Statewide Rule 14.
8. 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.
9. The estimated cost to the State of plugging the subject wells is \$8,000.00 for each well totaling \$24,000.00 for all three of the subject wells.
10. A Commission district office inspection was conducted on June 21, 2002 for the Forristall (04830) Lease. The sign or identification required to be posted at Well No. 4101 displayed the incorrect information.
11. A Commission district office inspection was conducted on June 21, 2002 for the Forristall -A- (02293) Lease. The sign or identification required to be posted at Well No. 412D displayed incorrect information.
12. A Commission district office inspection was conducted on June 21, 2002 for the Forristall -A- (02293) Lease. Respondent had caused or allowed an unauthorized discharge of oil affecting an area measuring 4-7' x 18' x 4" on the ground at the tank battery, running 4' x 21' x 2" around the tank to the injection pump for Well No. 412D and affecting an area measuring 2-3' x 4" deep around 3/4 of the injection pump for Well No. 412D. The tank battery for the Well No. 412D is situated on the Well No. 1A location.
13. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
14. 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.
15. The Respondent did not demonstrate good faith since it failed to plug or otherwise place the subject leases and the 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) and 14(b)(2).
4. Respondent is responsible for maintaining the subject leases 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 leases in compliance with all applicable Commission rules and for properly plugging the subject wells 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) (Vernon 2001).

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

1. Cochise Energy, Inc. (163079), shall plug the Forristall (04830) Lease, Well No. 4101, Tippett (Wolfcamp Lower) Field, and Well No. 1A , Forristall -A- (02293) Lease, Tippett Field, Crockett County, Texas in compliance with applicable Commission rules and regulations; and
2. Cochise Energy, Inc. (163079), shall plug or otherwise place Well No. 412D, Forristall -A- (02293) Lease, Tippett Field, Crockett County, Texas in compliance with applicable Commission rules and regulations; and
3. Cochise Energy, Inc. (163079), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SEVEN THOUSAND DOLLARS (\$7,000.00)**.

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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 9th day of September 2003.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated September 9, 2003)

SP/sa