

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

**OIL AND GAS DOCKET NO. 08-0222074**

---

**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY N. NICHOLAS COWELL, SOLE PROPRIETOR, OFFSPRING WELL SALVAGE (618934), AS TO THE TXL -B (22539) LEASE, WELL NO. 1, SULLIVAN (DELAWARE) FIELD, REEVES COUNTY, TEXAS**

---

**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on April 6, 2000 and that the respondent, N. Nicholas Cowell, Sole Proprietor, Offspring Well Salvage (618934), 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. N. Nicholas Cowell, Sole Proprietor, Offspring Well Salvage (618934), ("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) address, which was returned to the Commission marked "unclaimed."
2. The returned certified receipt containing the Original Complaint and the Notice of Opportunity for Hearing, was returned to the Commission marked "unclaimed" on March 14, 2000. 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 No. 1 on the TXL -B (22539) Lease ("subject well"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance), with the Commission effective on September 1, 1998.
4. The subject well has been dry or inactive for a period in excess of one year. Commission inspection and/or production reports indicate that the subject well ceased production on or before January 1, 1993.
5. The subject well was not properly plugged in accordance with, and is not otherwise in compliance with, Statewide Rule 14.

**OIL AND GAS DOCKET NO. 08-0222074**

6. Usable quality water 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 public health and safety because of the probability of pollution.
7. The estimated cost to the State of plugging the subject well is \$8,000.00.
8. Commission district office inspections were conducted on November 13, 1998 and December 23, 1998 for the TXL -B (22539) Lease. Tank No. 38460 was actively leaking produced water and affecting an area measuring approximately 15' x 4' x 3" deep. In addition, Tank No. 38544 was found to be actively leaking oil from a manhole cover and affecting an approximate 12' x 2' x 3" deep area. A Commission district office inspection was conducted on February 18, 1999 indicating that Tank No. 99765 was actively leaking produced water from 2 holes and affecting an area measuring approximately 6' x 4' x 2" deep and another area measuring approximately 2' x 1' x 2" deep. A water sample taken at Tank No. 99765 indicated a chloride level of 147,400 ppm. Tank Nos. 38460 and 38544 were still leaking oil and produced water. Commission district office inspections conducted on April 26, 1999, June 15, 1999, August 9, 1999, September 21, 1999 and November 3, 1999 indicate that Respondent has failed to remediate any of the spills.
9. No permit has been issued to Respondent for the discharge of oil and gas wastes on or from the subject lease.
10. 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.
11. Commission district office inspections were conducted on November 13, 1998, December 23, 1998, February 18, 1999, April 26, 1999, June 15, 1999, August 9, 1999, September 21, 1999 and November 3, 1999 for the TXL -B (22539) Lease. A workover pit measuring approximately 30' x 9' x 2' was located. During the period of inspections November 1998 thru November 1999, there were no workover operations observed on the well. Respondent failed to backfill and compact the pit within 120 days of completion of workover operations.
12. Unfilled pits constitute a hazard to public health and safety because of the potential for illegal dumping in the pits and the potential for surface run-off to collect in the pit and seep into subsurface waters.
13. The respondent did not demonstrate good faith since it failed to plug or otherwise place the subject well and 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.
14. Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 04-0221509; Rules 8 & 14; Final Order Served: July 16, 1999;

Docket No. 04-0221513; Rules 8 & 14; Final Order Served: July 16, 1999.

**CONCLUSIONS OF LAW**

1. Proper notice was issued by the Railroad Commission to respondent and 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 was in violation of Commission Statewide Rules 8(d)(1), 8(d)(4)(G)(i)(III) and 14(b)(2).
4. 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.
5. Respondent is responsible for maintaining the subject lease in compliance with Rule 8(d)(4)(G)(i)(III), which requires workover pits to be dewatered, filled and compacted within 120 days from completion of workover operations.
6. Respondent is responsible for maintaining the subject well and the subject lease in compliance with all applicable Statutes and Commission rules, specifically Statewide Rules 14, 58, and 79 and Chapters 89 and 91, 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 1993).

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

1. N. Nicholas Cowell, Sole Proprietor, Offspring Well Salvage (618934), shall plug Well No. 1, and place the TXL -B (22539) Lease, Sullivan (Delaware) Field, Reeves County, Texas in compliance with applicable Commission rules and regulations; and
2. N. Nicholas Cowell, Sole Proprietor, Offspring Well Salvage (618934), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TEN THOUSAND DOLLARS (\$10,000.00)**.

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 order is served on the parties.

**OIL AND GAS DOCKET NO. 08-0222074**

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 otherwise 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 6th day of June, 2000.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order  
dated June 6, 2000)

MH/sa