

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

OIL AND GAS DOCKET NO. 08-0219644

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY GEONATURAL RESOURCES, INC. (330805), AS TO THE SCARBOROUGH -C- (32905) LEASE, WELL NO. S 1Y, SCARBOROUGH FIELD, WINKLER COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on February 12, 2001, and that the respondent, Geonatural Resources, Inc. (330805), 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. Geonatural Resources, Inc. (330805), ("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 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 December 27, 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. On October 10, 2000, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Hartmut Th. Rose, President and John Th. Petropoulos, Vice-President.
4. Respondent designated itself to the Commission as the operator of Well No. S 1Y on the Scarborough -C- (32905) Lease ("subject well"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission, effective on November 26, 1990.
5. The subject well has been dry or inactive for a period in excess of one year. Commission inspection and/or the lack of production reports indicate that the subject well ceased production on or before May 31, 1993.
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 of plugging the subject well is \$7,300.00.
9. A Commission district office inspection was conducted on July 3, 1997 for the Scarborough -C- (32905) Lease. A 3" pipe on the water leg of the gun barrel had broken off with oil and produced water affecting an area approximately 75' x 20' x 3". Commission district office inspections were conducted on October 14, 1997, November 26, 1997, January 16, 1998, February 26, 1998, March 30, 1998 and April 30, 1998 for the Scarborough -C- (32905) Lease. The gun barrel continued to leak and the affected area had not been cleaned up.
10. No permit has been issued to the Respondent for the discharge of oil and gas wastes on or from the subject lease.
11. 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.
12. A Commission district office inspection was conducted on June 4, 1998 for the Scarborough -C- (32905) Lease. The area affected by the oil and produced water had been cleaned up, remediated and the leak at the gun barrel had been fixed.
13. The Respondent has not demonstrated good faith since it failed to properly plug the subject well 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.

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 is in violation of Commission Statewide Rules 8(d)(1) 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 all applicable Commission rules and for properly plugging the subject well, according to

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Statewide Rules 14, 58, and 79 and Chapters 89 and 91, 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(c) (Vernon 1993).

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

1. Geonatural Resources, Inc. (330805), shall plug the Scarborough -C- (32905) Lease, Well No. S 1Y, Scarborough Field, Winkler County, Texas in compliance with applicable Commission rules and regulations; and
2. Geonatural Resources, Inc. (330805), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FIVE THOUSAND DOLLARS (\$5,000.00)**.

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.

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 24th day of April 2001.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated April 24, 2001)

MT/sa