

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

**OIL AND GAS DOCKET NO. 8A-0222071**

---

**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY DESANA  
DEVELOPMENT CORPORATION (216536), AS TO THE STARNES UNIT (16877) LEASE,  
LEVELLAND FIELD, COCHRAN COUNTY, TEXAS**

---

**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on April 20, 2000 and that the respondent, Desana Development Corporation (216536), 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. Desana Development Corporation (216536), ("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 March 20, 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 December 17, 1998, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): James P. Ryan; President.
4. Respondent designated itself to the Commission as the operator of the Starnes Unit (16877) Lease ("subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance), with the Commission effective on June 1, 1996.
5. A Commission district office inspection was conducted on April 19, 1999 for the Starnes Unit (16877) Lease. Tank No. 3 spilled approximately 100 barrels of produced water affecting an area approximately 4/10 mile x 12' x 1' deep. A sample was taken which indicated a chloride level of 17,300 ppm. A follow up inspection was conducted on April 23, 1999 indicating a second tank is leaking produced water from a small hole.
6. No permit has been issued to the Respondent for the discharge of oil and gas wastes on

or from the subject lease.

7. 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.
8. The Commission used State Funds totaling \$624.25 to stop the leak and remove the fluids in the tank and the area surrounding the battery at Tank No. 3 and stop the second tank from leaking and remove the produced water.
9. On November 1, 1999, Stellar Energy & Investment Corp. took over the subject lease.
10. The respondent did not demonstrate good faith since it failed to 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 Rule 8(d)(1).
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 Statutes and Commission rules, specifically 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).
7. The Commission was authorized to clean up the subject lease and is entitled to reimbursement for State Funds expended pursuant to TEX NAT RES. CODE ANN. §91.113.

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

1. Desana Development Corporation (216536), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FOUR THOUSAND DOLLARS (\$4,000.00)** and shall **REIMBURSE** State Funds in the amount of **SIX HUNDRED TWENTY FOUR DOLLARS AND TWENTY FIVE CENTS (\$624.25)**.

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 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 22nd day of June, 2000.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated June 22, 2000)

MT/sa