

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

OIL AND GAS DOCKET NO. 09-0241935

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY SEELYE, WILLIAM L., SOLE PROPRIETOR (763205), AS TO THE JENNINGS, G.A. -AA- (11675) LEASE, WELL NOS. 3 AND 10, AND THE JENNINGS, G.A. -BB- (17097) LEASE, WELL NO. 4, ARCHER COUNTY REGULAR FIELD, ARCHER COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on May 12, 2005, and that the respondent, Seelye, William L., Sole Proprietor (763205), 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. Seelye, William L., Sole Proprietor (763205), ("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 Opportunity for Hearing, was signed and returned to the Commission on March 30, 2005. The certified receipt has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. Seelye, William L., as sole proprietor, was a person in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
4. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
5. Respondent designated itself to the Commission as the operator of Well Nos. 3 and 10 on the Jennings, G.A. -AA- (11675) Lease and Well No. 4 on the Jennings, G.A. -BB- (17097) Lease ("subject wells"/"subject leases") by filing a Form P-4 (Certificate of Compliance and Transportation Authority) with the Commission effective on June 1, 2003 for both of the subject leases and subject wells.

6. According to Commission records the Respondent's Form P-5 (Organization Report) is active. Respondent has a \$250,000 bond as its financial assurance.
7. Well Nos. 3 and 10 on the Jennings, G.A -AA- (11675) Lease are permitted injection wells. A Commission district office inspection report conducted on February 4, 2005 shows both wells are equipped for injection. Well No. 3 last had an H-5 mechanical integrity test done in October 1996 and was due for its five year pressure test in January 2002. Also, according to Commission records, Well No. 10 last had an H-5 mechanical integrity test done in January 1998 and was due for its five year pressure test in April 2003. Respondent has failed to pressure test Well Nos. 3 and 10 of the Jennings, G.A. -AA- (11675) Lease.
8. Well No. 4 of the Jennings, G.A. -BB- (17097) Lease is a permitted injection well. A Commission district office inspection conducted on February 4, 2005 shows the well is equipped for injection. Well No. 4 last had an H-5 mechanical integrity test done in September 1986 and was due for another pressure test in October 1999. Respondent has failed to pressure test Well No. 4 of the Jennings, G.A. -BB- (17097) Lease.
9. The Respondent has not demonstrated good faith since it failed to plug or otherwise place the subject leases 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.

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 was in violation of Commission Statewide Rule 46(j).
4. Respondent is responsible for maintaining the subject lease in compliance with Rule 46(j), which requires that the mechanical integrity of an injection well shall be evaluated by conducting pressure tests to determine whether the well tubing, packer or casing have sufficient mechanical integrity.
5. Respondent is responsible for maintaining the subject leases and the subject wells 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.
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 2001).
7. As a person in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, Seelye, William L., and any other organization in which he may hold a position of ownership or control, shall be subject to the restrictions of Texas Natural Resource Code Section 91.114(a)(2) for a period of no more than seven years from the date the order entered in this matter becomes

final, or until the conditions that constituted the violations herein are corrected or are being corrected in accordance with a schedule to which the Commission and the organization have agreed; and all administrative, civil, and criminal penalties and all cleanup and plugging costs incurred by the State relating to those conditions are paid or are being paid in accordance with a schedule to which the Commission and the organization have agreed, whichever is earlier.

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

1. Seelye, William L., Sole Proprietor (763205), shall place the Jennings, G.A. -AA- (11675) Lease, Well Nos. 3 and 10, and the Jennings, G.A. -BB- (17097) Lease, Well No. 4, Archer County Regular Field, Archer County, Texas in compliance with applicable Commission rules and regulations; and
2. Seelye, William L., Sole Proprietor (763205), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SIX THOUSAND DOLLARS (\$6,000.00)**.

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 parties are notified of the order.

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 May 2005.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated May 24, 2005)

JD/sa