

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

OIL AND GAS DOCKET NO. 09-0241936

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY SEELYE, WILLIAM L., SOLE PROPRIETOR (763205), AS TO THE GREEN, MARY (00287) LEASE, WELL NOS. 1, 31 AND 33, AND THE TAYLOR -C- (14225) LEASE, WELL NOS. 2 AND 9, 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 April 4, 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. 1, 31 and 33 on the Green, Mary (00287) Lease and Well Nos. 2 and 9 on the Taylor -C- (14225) Lease ("subject wells"/"subject leases") by filing Form P-4's (Producers Transportation Authority and Certificate of Compliance) with the Commission effective on December 1, 2001 for the Green, Mary (00287) Lease and June 1, 2003 for the Taylor -C- (14225) Lease.
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. Drilling operations on Well No. 9 of the Taylor -C- (14225) Lease were completed in May 1969. The subject well is more than 25 years old and subject to the testing requirements of Statewide Rule 14(b)(2)(E). No Form H-15 (Test on an Inactive Well More Than 25 Years Old) has been filed and approved for the Taylor -C- (14225) Lease, Well No. 9. The test report became delinquent for this well on July 7, 2004.
8. Well Nos. 1, 31 and 33 of the Green, Mary (00287) Lease are permitted injection wells. Well No. 1 last had an H-5 mechanical integrity test done in February 1997 and was due for another pressure test in October 2002. Well No. 31 last had an H-5 mechanical integrity test done in April 1999 and was due for another pressure test in July 2004; and Well No. 33 had an H-5 mechanical integrity test done in February 1997 and was due for another pressure test in October 2002. Respondent has failed to conduct the requisite pressure tests on Well Nos. 1, 31 and 33 of the Green, Mary (00287) Lease.
9. Well No. 2 of the Taylor -C- (14225) Lease is a permitted injection well. Well No. 2 last had an H-5 mechanical integrity test done in September 1986 and was due for another pressure test in October 2001. Respondent has failed to conduct the requisite pressure test on Well No. 2 of the Taylor -C- (14225) Lease.
10. Failure to test an injection well or a well that is more than 25 years old may lead to leaks of fluid and cause pollution.
11. The Respondent has not demonstrated good faith since it failed to 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 Rules 14(b)(2)(E) and 46(j).
4. Respondent is responsible for maintaining the subject leases in compliance with Rule 14(b)(2)(E), which requires that the operator of any well more than 25 years old that becomes inactive shall plug or test such well to determine whether the well poses a

potential threat of harm to natural resources, including surface and subsurface water, oil and gas.

5. 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.
6. 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.
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).
8. 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 Green, Mary (00287) Lease, Well Nos. 1, 31 and 33, and the Taylor -C- (14225) Lease, Well Nos. 2 and 9, 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 **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 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