

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

**OIL AND GAS DOCKET NO. 10-0231819**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY HOPKINS PRODUCTION CO., (399639), AS TO THE BRYAN ROYALTY CO. (00130) LEASE, WELL NOS. 1, 2 AND 3, BRYAN-SMITH (00131) LEASE, WELL NOS. 1, 3, 4, 5, 6, 7, 8, 9 AND 10, AND THE BRYAN ESTATE (00128) LEASE, WELL NOS. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18 AND 19, PANHANDLE CARSON COUNTY FIELD, CARSON COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on October 23, 2003, and that the respondent, Hopkins Production Co. (399639), 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. Hopkins Production Co. (399639), ("Respondent") was given Notice of Hearing by certified mail, addressed to the most recent P-5 address on the Form P-5 Organization Report, which was returned to the Commission marked "unclaimed."
2. The returned certified receipt containing the Original Complaint and the Notice of Hearing was returned to the Commission marked "unclaimed" on September 29, 2003. 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 August 8, 2001, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Marshall Hopkins; President.
4. Respondent designated itself to the Commission as the operator of Well Nos. 1, 2 and 3 on the Bryan Royalty Co. (00130) Lease, Well Nos. 1, 3, 4, 5, 6, 7, 8, 9 and 10 on the Bryan-Smith (00131) Lease and Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18 and 19 on the Bryan Estate (00128) Lease ("subject wells"/"subject leases") by filing Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission on May 1, 1999 for the Bryan Royalty Co. (00130) Lease, Well Nos. 1, 2 and 3, and the Bryan-Smith (00131) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17 18 and 19, and July 1, 1999 for the Bryan Estate (00128) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18 and 19.

5. According to Commission records the Respondent's Form P-5 (Organization Report) became delinquent on June 1, 2002. Respondent paid a fee of \$1,500.00 as its Financial Assurance at the time of its last Form P-5 renewal.
6. All of the subject wells on the subject leases ceased production on or before October 31, 2000.
7. The subject wells have not been properly plugged in accordance with, and are not otherwise in compliance with, Statewide Rule 14.
8. 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 wells. Unplugged wellbores constitute a cognizable threat to the public health and safety because of the probability of pollution.
9. The estimated cost to the State of plugging the subject wells is \$37,800.00 for Well No. 1, 2 and 3 on the Bryan Royalty Co. (00130) Lease, \$113,400.00 for Well Nos. 1, 3, 4, 5, 6, 7, 8, 9 and 10 on the Bryan-Smith (00131) Lease and \$226,800.00 for Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19 on the Bryan Estate (00128) Lease.
10. A Commission district office inspection was conducted on May 23, 2002 for the Bryan Estate (00128) Lease. An area of soil east of Well No. 8 approximately 6' x 1' x 2" was affected by oil. Also, there was an area of soil around the wellhead of Well No. 13 approximately 9' x 3' x 3" that was affected with oil.
11. No permit has issued to Respondent for the discharge of oil and gas wastes on or from the subject lease.
12. 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, leaching into the ground, and percolate through soil into groundwater supplies.
13. A Commission district office inspection was conducted on May 23, 2002 for the Bryan Royalty Co. (00130) Lease. There was an empty workover pit at Well No. 1 approximately 18' x 6' x 3' in size that had not been backfilled and compacted.
14. A Commission district office inspection was conducted on May 23, 2002 for the Bryan Estate (00128) Lease. There was an empty workover pit at Well No. 10 approximately 20' x 6' x 2' in size that had not been backfilled and compacted. /also, there was an empty workover pit at Well No. 11 approximately 6' x 4' x 2' in size that had not been backfilled and compacted.
15. 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.

16. A Commission district office inspection was conducted on May 29, 2002 for the Bryan Royalty Co. (00131) Lease. Well No. does not have a wellhead assembly and has casing open to the atmosphere.
17. A Commission district office inspection was conducted on May 23, 2002 for the Bryan-Smith (00128) Lease. Well Nos. 7 and 11 do not have wellhead assemblies and have casing open to the atmosphere.
18. Maintenance of surface control by wellhead assemblies is necessary to prevent the discharge of oil and gas wastes on the subject lease constituting a hazard to public health and safety because the discharges of oil and gas wastes onto land surface can migrate into surface of subsurface waters.
19. 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.
20. Craig Bryan appeared on behalf of Bryan Royalty company and the E.F. Bryan Estate Partnership, which owns the minerals on the subject leases. Mr. Bryan has lined up other operators who are willing and able to restore the subject leases to production.

#### **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 is in violation of Commission Statewide Rules 8(d)(1), 8(d)(4)(G)(I)(III), 13(b)(1)(B) 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 leases 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 leases in compliance with Rule 13(b)(1)(B), which requires that surface control of all wells be maintained with wellhead assemblies.
7. Respondent is responsible for maintaining the subject leases in compliance with all applicable Commission rules and for properly plugging the subject wells according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91 of the Texas Natural Resources Code.

8. 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).

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

1. Hopkins Production Co. (399639), shall plug or otherwise place the Bryan Royalty Co. (00130) Lease, Well Nos. 1, 2 and 3, Bryan-Smith (00131) Lease, Well Nos. 1, 3, 4, 5, 6, 7, 8, 9 and 10, and the Bryan Estate (00128) Lease, Panhandle Carson County Field, Carson County, Texas in compliance with applicable Commission rules and regulations; and
2. Hopkins Production Co. (399639), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SIXTY FIVE THOUSAND DOLLARS (\$65,000.00)**.

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 23rd day of January 2004.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated January 23, 2004)

MH/sa