

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 04-0297348

ENFORCEMENT ACTION AGAINST FALCON PRODUCTION CO. (OP. NO. 260263) FOR VIOLATIONS OF STATEWIDE RULES ON THE CANTU (114800) LEASE, WELL NO. 3, HEIN (LOBO) FIELD, ZAPATA COUNTY; CANTU (147284) LEASE, WELL NO. 4, BASHARA-HEREFORD (7300) FIELD, ZAPATA COUNTY; AND CANTU (173546) LEASE, WELL NO. 6, LA PERLA (LOBO CONS.) FIELD, ZAPATA COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on October 29, 2015 and that the respondent, Falcon Production Co. (Op. No. 260263), failed to appear or respond to the Notice of Opportunity for Hearing. 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. Falcon Production Co. (Op. No. 260263), (“Respondent”), was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The certified envelope containing the Original Complaint and the Notice of Opportunity for Hearing, was returned on September 3, 2015. The certified envelope is included in the file and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On November 30, 2012, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Rudolf Edward Schiefelbein, Sole Proprietor.
4. Rudolf Edward Schiefelbein, was 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.
5. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
6. Respondent designated itself as the operator of the Cantu (114800) Lease, Well No. 3, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective November 1, 2004, approved November 1, 2004. Respondent designated itself as the operator of the Cantu (147284) Lease, Well No. 4, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective November 1, 2004, approved November 1, 2004. Respondent designated itself as the operator of the Cantu (173546) Lease, Well No. 6, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective November 1, 2004, approved November 1, 2004.

7. Respondent's P-5 (Organization Report) is currently delinquent. Respondent's P-5 became delinquent on September 1, 2013. Respondent had a \$50,000 cash deposit as its financial assurance at the time it became delinquent.
8. Commission District inspection reports made on December 17, 2014, January 20, 2015, and March 5, 2015, and the absence of production reports filed by Respondent with the Commission (as required under Statewide Rule 58) since August 2012, showed that the Cantu (114800) Lease, Well No. 3 has been inactive for a period greater than one year. Production from the subject well ceased on or before July 2010.
9. Commission District inspection reports made on January 20, 2015 and March 5, 2015 and the absence of production reports filed by the Respondent with the Commission (as required under Statewide Rule 58) since April 2013, show that the Cantu (147284) Lease, Well No. 4 has been inactive for a period greater than one year, Production from the subject well ceased on or before July 2010.
10. A Commission District inspection report made on March 5, 2015, and the absence of production reports filed by the Respondent with the Commission (as required under Statewide Rule 58) since August 2012, showed that the Cantu (173546) Lease, Well No. 6 has been inactive for a period greater than one year. Production from the subject well ceased on or before February 2010.
11. None of the subject wells have been plugged; no plugging extensions are in effect for any of the subject wells as allowed by Statewide Rule 14.
12. 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.
13. There has been no reported production for the Cantu (114800) Lease, Well No. 3 in over 4 calendar years.
14. There has been no reported production for the Cantu (147284) Lease, Well No. 4 in over 4 calendar years.
15. There has been no reported production for the Cantu (173546) Lease, Well No. 6 in over 4 calendar years.
16. The total estimated cost to the State for plugging the Cantu (114800) Lease, Well No. 3 is \$125,214.00; for the Cantu (147284) Lease, Well No. 4 is \$123,905.00; and for the Cantu (173546) Lease, Well No. 6 is \$124,583.00.
17. Respondent has no prior history of violations of Commission rules.

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 responsible for maintaining the subject lease in compliance with all applicable Commission rules and for properly plugging the subject well according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91, Texas Natural Resources Code.
4. The documented violations committed by the respondent constitute acts deemed serious, and 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).
5. Respondent is in violation of Statewide Rule 14(b)(2).
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14(b)(2), which requires that plugging operations on each dry or inactive well shall be commenced within a period of one year after drilling or operations cease and shall proceed with due diligence until completed.
7. As a person in a position of ownership or control of respondent at the time respondent violated Commission rule related to safety and the control of pollution, Rudolf Edwards Schiefelbein, and any other organization in which he, may hold a position of ownership or control, shall be subject to the restriction of Texas Natural Resources 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 sooner, if 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.

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

1. Falcon Production Co. (Op. No. 260263), shall plug the Cantu (114800) Lease, Well No. 3, Hein (Lobo) Field, Zapata County, Texas in compliance with applicable Commission rules and regulations; and
2. Falcon Production Co. (Op. No. 260263), shall plug the Cantu (147284) Lease, Well No. 4, Bashara-Hereford (7300) Field, Zapata County, Texas in compliance with applicable Commission rules and regulations; and
3. Falcon Production Co. (Op. No. 260263), shall plug the Cantu (173546) Lease, Well No. 6, La Perla (Lobo Cons.) Field, Zapata County, Texas in compliance with applicable Commission rules and regulations; and
4. Falcon Production Co. (Op. No. 260263), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWENTY-NINE THOUSAND, FOUR HUNDRED FORTY-TWO DOLLARS (\$29,442.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after a party is notified of the Commission's order. If a timely motion for rehearing of an application 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 this order in accordance with Tex. Gov't Code §2001.144.

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 3rd day of February 2016.

LMV/rnf

**RAILROAD COMMISSION OF TEXAS
(Signatures affixed by Default Master Order
dated February 3, 2016.)**