

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 09-0298658**

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**ENFORCEMENT ACTION AGAINST PACIFIC EXPLORATION OPER CO, LLC (OPERATOR NO. 632802) FOR VIOLATIONS OF STATEWIDE RULES ON THE COFFIELD LEASE (LEASE NO. 00343), WELL NOS. 1A, 2, 3A, 3W, 6A, 7A, 11, 13, 19, 20, 21, 24, 25, 26W, AND 30, ARCHER COUNTY REGULAR FIELD, ARCHER COUNTY, TEXAS**

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**FINAL ORDER**

The Railroad Commission of Texas (“Commission”) finds that after statutory notice the captioned enforcement proceeding was heard by a Commission administrative law judge on September 29, 2016, and that the respondent, Pacific Exploration Oper Co, LLC, 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, 16 TEX. ADMIN. CODE § 1.49, and after being duly submitted to the Commission at a conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. Pacific Exploration Oper Co, LLC (“Respondent”), Operator No. 632802, was sent the Original Complaint and Notice of Opportunity for Hearing by certified and first class mail, addressed to the most recent Commission Form P-5 (Organization Report) (“Form P-5”) address. Respondent’s officers and agents as identified on the Form P-5—Ali Alex Ghasemieh, Babak Ghassemieh, and Ali Sedigh—were each sent the Original Complaint and Notice of Opportunity for Hearing by certified and first class mail, addressed to their last known address.
2. The certified mail envelope containing the Original Complaint and the Notice of Opportunity for Hearing was received by Ali Alex Ghassemieh and Babak Ghassemieh on July 30, 2016. The certified mail envelopes addressed to Respondent and Ali Sedigh were returned to the Commission. No first class mail was returned to the Commission. Record of the delivery and return of certified mail has been on file with the Commission for more than 15 days, exclusive of the day of receipt and day of issuance. Respondent was given more than 30 days’ notice of the Original Complaint and Notice of Opportunity for Hearing. Respondent has not entered into an agreed settlement order, filed an answer, or requested a hearing.
3. On May 7, 2015, Respondent, a limited liability company, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Ali Alex

Ghasemieh, President; Babak Ghassemieh, Vice-President; and Ali Sedigh, Resident Agent and Vice-President.

4. Ali Alex Ghasemieh was in a position of ownership or control of Respondent, as defined in section 91.114 of the Texas Natural Resources Code, during the time period of the violations of Commission rules committed by Respondent.
5. Babak Ghassemieh was in a position of ownership or control of Respondent, as defined in section 91.114 of the Texas Natural Resources Code, during the time period of the violations of Commission rules committed by Respondent.
6. Ali Sedigh was in a position of ownership or control of Respondent, as defined in section 91.114 of the Texas Natural Resources Code, during the time period of the violations of Commission rules committed by Respondent.
7. Respondent's Form P-5 is delinquent. Respondent had a \$50,000 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.
8. The violations of Commission rules committed by Respondent are related to safety and the control of pollution.
9. Respondent designated itself to the Commission as the operator of the Coffield Lease (Lease No. 00343), Well Nos. 1A, 2, 3A, 3W, 6A, 7A, 11, 13, 19, 20, 21, 24, 25, 26W, and 30 by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective March 1, 2005, approved March 8, 2005.
10. Commission inspection reports made on June 2, 2015, June 9, 2015, and July 29, 2015 for the Coffield Lease, show the sign or identification required to be posted at the well was missing at Well Nos. 1A, 2, 6A, 11 and 19.
11. The lack of legible signs and identification displaying correct information, as set forth in Statewide Rule 3(2), may cause confusion as to the responsible operator to be contacted and the actual location of the violation or emergency, which can result in delays in remedying a violation or emergency.
12. Commission inspection reports made on June 2, 2015, June 9, 2015 and July 29, 2015, and either production reports filed by Respondent with the Commission reflecting zero production, or the absence of production reports being filed by Respondent, since becoming the P-4 operator in March 2005, show the Coffield Lease, Well Nos. 1A, 2, 3A, 7A, 11, 13, 19, 20, 21, 24, 25, and 30 have been inactive for a period greater than one year. Production from the subject wells ceased in August 2003.
13. No work-overs, re-entries, or subsequent operations have taken place on any of the

subject wells within the last twelve months; none of the subject wells have been properly plugged in accordance with Statewide Rule 14, 16 TEX. ADMIN. CODE § 3.14; and no plugging extensions are in effect for any of the subject wells as allowed by Statewide Rule 14. The subject wells are not otherwise in compliance with Statewide Rule 14.

14. 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, in violation of Statewide Rule 14(b)(2), constitute a cognizable threat to the public health and safety because of the potential of pollution.
15. The total estimated cost to the state for plugging the Coffield lease, Well Nos. 1A, 2, 3A, 7A, 11, 13, 19, 20, 21, 24, 25, and 30 is \$73,500.
16. Commission inspection reports made on June 2, 2015, June 9, 2015 and July 29, 2015 for the Coffield Lease show Well Nos. 1A, 2, 3A, 3W, 6A, 11, 19 and 30 are open to the atmosphere.
17. Wells left uncontrolled or open to the atmosphere, in violation of Statewide Rule 13(a)(6)(A), may discharge oil and gas waste onto the land surface and affect the health of humans and animals; these discharges may eventually make their way to surface or subsurface waters, causing pollution.
18. Commission records indicate Well No. 6A on the Coffield Lease was permitted as a salt water disposal well by Permit No. 15811 on December 28, 2000. Permit No. 15811 requires an annual mechanical integrity pressure test to be conducted. Commission records show the last approved test was conducted on August 24, 2007 with the next test due on July 30, 2010.
19. Failure to test an injection well, as required by Statewide Rule 46(j), may lead to leaks of fluid and cause pollution.
20. The Respondent has committed prior violations of Commission as documented in the enforcement final orders for Oil & Gas Docket Nos. 09-0251602, 09-0278526, and 09-0283781.

### **CONCLUSIONS OF LAW**

1. Proper notice was issued by the 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 have been performed or have occurred.

3. Respondent is responsible for maintaining the subject lease in compliance with all applicable Commission rules and chapters 89 and 91 of the Texas Natural Resources Code.
4. Respondent is in violation of Statewide Rules 3(2), 14(b)(2), 13(a)(6)(A), and 46(j). 16 TEX. ADMIN. CODE §§ 3.3(2), 3.14(b)(2), 3.13(a)(6)(A), and 3.46(j).
5. The documented violations committed by 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 § 81.0531(c).
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 3(2), which requires that each well site that produces oil, gas, or geothermal resources shall post signs or identification showing the name of the property, name of the operator and the well number.
7. 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, unless the operator is eligible for and obtains an extension of the plugging deadline.
8. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 13(a)(6)(A), which requires that surface control of all wells be maintained with wellhead assemblies.
9. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 46(j), which requires a passing mechanical integrity test every five years.
10. Pursuant to TEX. NAT. RES. CODE § 81.0531, the Commission may assess administrative penalties against Respondent for the subject violations of up to \$10,000 per day for each violation, with each day such violations continued constituting a separate violation.
11. An assessed administrative penalty in the amount of EIGHTY-FIVE THOUSAND FIVE HUNDRED EIGHTY-FOUR DOLLARS (\$85,584) is justified considering the facts and violations at issue.
12. As persons in a position of ownership or control of Respondent at the time Respondent violated Commission rules related to safety and the control of pollution, Ali Alex Ghasemieh, Babak Ghassemieh, and Ali Sedigh, and any other organization in which any of them may hold a position of ownership or control, are subject to the restriction in section 91.114(a)(2) of the Texas Natural Resources Code.

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

1. Pacific Exploration Oper. Co., LLC shall plug the Coffield Lease, Well Nos. 1A, 2, 3A, 7A, 11, 13, 19, 20, 21, 24, 25, and 30, Archer County Regular Field, Archer County, Texas in accordance with Statewide Rule 14.
2. Pacific Exploration Oper. Co., LLC shall place the Coffield (00343) Lease, in compliance with Statewide Rules 3(2), 13(a)(6)(A), 14(b)(2), and 46(j), and any other applicable Commission rules and statutes.
3. Pacific Exploration Oper. Co., LLC shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **EIGHTY-FIVE THOUSAND FIVE HUNDRED EIGHTY-FOUR DOLLARS (\$85,584)**.

It is further **ORDERED** that as persons in a position of ownership or control of Respondent at the time Respondent violated Commission rules related to safety and the control of pollution, Ali Alex Ghasemieh, Babak Ghassemieh, and Ali Sedigh, and any other organization in which any of them may hold a position of ownership or control, shall be subject to the restriction in section 91.114(a)(2) of the Texas Natural Resources Code 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.

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. A party is presumed to have been notified of the Commission's order three days after the date 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 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.

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**Final Order**  
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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 per day per violation.

Done this 15th day of November, 2016.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order  
dated November 15, 2016.)

JNC/rnf