

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 04-0310041

ENFORCEMENT ACTION AGAINST NORAM RESOURCES, INC. (OPERATOR NO. 612601) FOR VIOLATIONS OF STATEWIDE RULES ON THE T-PATCH LEASE, WELL NO. 1 (DRILLING PERMIT NO. 639274), ROMA, NORTH (QUEEN CITY) FIELD, STARR COUNTY, TEXAS

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 June 21, 2018, and that the respondent, Noram Resources, Inc., failed to appear or respond to the **Notice of Opportunity for Hearing**. Pursuant to § 1.25 of the Commission's General Rules of Practice and Procedure, 16 TEX. ADMIN. CODE § 1.25, 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. Noram Resources, Inc. ("Respondent"), Operator No. 612601, 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.
2. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent was returned to the Commission unopened on May 22, 2018. The first-class mail envelope addressed to Respondent was returned to the Commission on May 21, 2018. 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 March 9, 2007, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officer consists of the following individual:
4. Respondent's Form P-5 is delinquent. Respondent had a \$25,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.
5. Respondent designated itself to the Commission as the operator of the T-Patch Lease, Well No. 1 (Drilling Permit No. 639274), by filing a Commission Form W-1 (Application for Permit to Drill), received May 18, 2007, issued May 29, 2007.

6. According to Rig Reports regarding the plugging of the T-Patch Lease, Well No. 1 (Permit No. 639274) dated from June 17, 2007 to July 6, 2007, the subject well was plugged on or about July 6, 2007. Despite plugging of the well, Respondent has failed to file the requisite plugging record.
7. Unverified plugging of wellbores, in violation of Statewide Rule 14(b)(1), may result in the pollution of usable quality ground water and surface water because if wells are improperly plugged, they may serve as a conduit for the passage of oil, gas, saltwater, and other substances from one stratum or formation to another or to the surface or from surface downward.
8. Pursuant to the "Depth of Usable-Quality Ground Water to be Protected" dated April 17, 2007, the Texas Commission on Environmental Quality ("TCEQ") found that the interval from the land surface to a depth of 400 feet must be protected in plugging the T-Patch Lease, Well No. 1 (Permit No. 639274). Further, according to the Notice of Intention to Plug and Abandon (Commission Form W-3A) filed by Respondent and approved by the Commission, Respondent was required to set a plug to the depth of 350' – 450' in plugging the well in order to insure that all formations bearing usable quality water, oil, gas or geothermal resources are protected. According to Rig Reports regarding the plugging of the subject well dated from June 17, 2007 to July 6, 2007, Respondent failed to perforate, squeeze, set a plug at the required depth of 400' and to set a cement plug across the shoe of the surface casing.
9. By failing to set a plug at the required depth of 400' as required by the TCEQ and Notice of Intention to Plug and Abandon in order to protect all formations bearing usable quality water, oil, gas or geothermal resources, Respondent violated Statewide Rule 14(d)(1) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.14(d)(1)]. In addition, by failing to set a cement plug across the shoe of the surface casing, Respondent violated Statewide Rule 14(e)(2) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.14(e)(2)].
10. Failure to plug a well in accordance with Statewide Rules 14(d)(1) and 14(e)(2), so as to protect all formations bearing usable quality water, oil, gas or geothermal resources, and to set a cement plug across the shoe of the surface casing is likely to cause pollution of usable quality ground water and surface water as defined by Statewide Rule 8(a)(28). Usable quality groundwater in the area can become contaminated by migrations or discharges of saltwater and other oil and gas waste from the subject well. Incorrectly plugged wellbores, constitute a cognizable threat to the public health and safety because of the potential of pollution.
11. The Respondent has no prior history of violations of Commission Rules.

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 TEX. NAT. RES. CODE, chs. 89 and 91.
4. Respondent is in violation of Statewide Rules 14(b)(1), 14(d)(1), and 14(e)(2). 16 TEX. ADMIN. CODE §§ 3.14(b)(1), 3.14(d)(1), and 3.14(e)(2).
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 plugging the subject lease in compliance with Statewide Rule 14(b)(1), which requires completing and filing in the district office, a duly verified plugging record, in duplicate, on the appropriate form within 30 days after plugging operations are completed. A cementing report made by the party cementing the well shall be attached to, or made a part of, the plugging report. If the well is a dry hole, an electric log status report shall be filed with the plugging report.
7. Respondent is responsible for plugging the subject lease in compliance with Statewide Rule 14(d)(1), which requires that wells shall be plugged to insure that all formations bearing usable quality water, oil, gas or geothermal resources are protected. The operator and the cementer are both responsible for complying with the general plugging requirements of this subsection and for plugging the well in conformity with the procedure set forth in the approved notice of intention to plug and abandon the well being plugged.
8. Respondent is responsible for plugging the subject lease in compliance with Statewide Rule 14(e)(2), which states that when sufficient surface casing has been set to protect all usable quality water strata, a cement plug shall be placed across the shoe of the surface casing. This plug shall be a minimum of 100 feet in length and shall extend at least 50 feet above the shoe and at least 50 feet below the shoe.
9. 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.
10. An assessed administrative penalty in the amount of **EIGHT THOUSAND, FIVE HUNDRED DOLLARS (\$8,500.00)** is justified considering the facts and violations at issue.

ORDERING PROVISIONS

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

1. Noram Resources, Inc. (Operator No. 612601) shall re-enter Well No. 1 on the T-Patch (639274) Lease, and plug it in accordance with Statewide Rule 14 and 16 and any other applicable Commission rules and statutes.
2. Noram Resources, Inc. (Operator No. 612601) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **EIGHT THOUSAND, FIVE HUNDRED DOLLARS (\$8,500.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the order is signed, unless the time for filing a motion for rehearing has been extended under TEX. GOV'T CODE § 2001.142, by agreement under TEX. GOV'T CODE § 2001.147, or by written Commission order issued pursuant to TEX. GOV'T CODE § 2001.146(e). 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 100 days from the date the Commission order is signed.

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 per day per violation.

Done this 30th day of October 2018.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master
Order dated October 30, 2018)