

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 02-0313944

ENFORCEMENT ACTION AGAINST MASCOT OIL COMPANY (OPERATOR NO. 531355) FOR VIOLATIONS OF STATEWIDE RULES ON THE MIGL/PASTUCHA LEASE, WELL NO. 2 (DRILLING PERMIT NO. 791219), BROOK CREEK (5450) FIELD, LAVACA COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas (“Commission”) finds that statutory notice of the captioned enforcement proceeding was provided pursuant to Commission rules, and that the respondent, Mascot Oil Company, 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 Texas Administrative Code § 1.25, and after being duly submitted to the Commission at an open meeting held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Mascot Oil Company (“Respondent”), Operator No. 531355, 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 delivered on March 1, 2019. The first-class mail was not returned.
3. 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.
4. On January 3, 2019, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officer(s) consisted of the following individual(s): Stewart Chuber, President and Treasurer.
5. Stewart Chuber was in a position of ownership or control of Respondent, as defined in Texas Natural Resources Code § 91.114, during the time when the violations of Commission rules were committed by Respondent.
6. Respondent’s Form P-5 is active. Respondent has a \$50,000.00 letter of credit on file with the Commission as its financial assurance.

7. Respondent is the operator of record of the Migl/Pastucha Lease, Well No. 2 (Drilling Permit No. 791219), Brook Creek (5450) Field, Lavaca County, Texas, pursuant to a Commission Form W-1 (Application for Permit to Drill, Recomplete, or Re-Enter) on file with the Commission; received July 8, 2014, and approved November 19, 2014.
8. Commission records indicate that the Migl/Pastucha Lease, Well No. 2 (Drilling Permit No. 791219) was spud January 8, 2015, and that surface casing was set on January 9, 2015.
9. Commission inspections conducted on April 10, 2018, and July 12, 2018, indicate that the Migl/Pastucha Lease, Well No. 2 (Drilling Permit No. 791219) has been completed.
10. Drilling operations on the Migl/Pastucha Lease, Well No. 2 (Drilling Permit No. 791219) have been complete for a period greater than 150 days.
11. Commission records show no completion report on file for the Migl/Pastucha Lease, Well No. 2 (Drilling Permit No. 791219).
12. Commission records indicate no cementing report on file for the Migl/Pastucha Lease, Well No. 2 (Drilling Permit No. 791219).
13. Without a cementing report, as required by Statewide Rule 13(b)(1)(F), the Commission cannot know if surface casing was set and cement so as to protect all usable-quality water strata.
14. Commission inspections conducted April 10, 2018, and July 12, 2018, show a rubber hose connected to the Migl/Pastucha Lease, Well No. 2 (Drilling Permit No. 791219) discharging water onto the ground surface around the wellhead. A Commission field test showed that the discharged water contained 250 parts-per-million (“ppm”) chlorides.
15. The low-chloride water indicates that the surface casing of the Migl/Pastucha Lease, Well No. 2 (Drilling Permit No. 791219) does not protect usable-quality water stata.

CONCLUSIONS OF LAW

1. Proper notice was issued by the Commission to Respondent and all other 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 captioned property in compliance with all applicable Commission rules and statutes, found in Title 16 of the Texas Administrative Code and Texas Natural Resources Code, Chapters 89 and 91.
4. Respondent is in violation of Statewide Rules 13(b)(1)(F) and 16(b). 16 Texas Administrative Code §§ 3.13(b)(1)(F) and 3.16(b).

5. The documented violations committed by Respondent constitute acts deemed serious, a hazard to the public health and safety, and demonstrate a lack of good faith pursuant to Texas Natural Resources Code § 81.0531(c).
6. Respondent is responsible for maintaining the subject property in compliance with Statewide Rule 13(b)(1)(F), which requires operators to file a cementing report within 30 days of well completion or within 90 days of cessation of drilling operations, whichever is earlier.
7. Respondent is responsible for maintaining the subject property in compliance with Statewide Rule 16(b), which requires that completion reports be filed no later than ninety days after the completion of a well or 150 days after drilling operations are complete, whichever is earlier. If the well is a dry hole, the operator must file the appropriate plugging report within 30 days after the well is plugged.
8. The Commission is authorized to assess an administrative penalty for failure to file a completion report pursuant to Title 16 of the Texas Administrative Code § 3.16(e).
9. Pursuant to Title 16 of the Texas Administrative Code § 3.107(f), violations of Statewide Rules are subject to penalty enhancement if the violation threatens pollution.
10. Pursuant to Texas Natural Resources Code § 81.0531, the Commission may assess administrative penalties against Respondent for the subject violations of up to \$10,000.00 per day for each violation, each day of continuing violations constituting a separate violation.
11. An assessed administrative penalty in the amount of **TWELVE THOUSAND DOLLARS (\$12,000.00)** is justified considering the facts and violations at issue.
12. As a person in a position of ownership or control of Respondent at the time the violations related to safety and the control of pollution occurred, Steward Chubar, and any other organization in which this individual may hold a position of ownership or control, is subject to the restriction detailed in Texas Natural Resources Code § 91.114(a)(2).

ORDERING PROVISIONS

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

1. Mascot Oil Company (Operator No. 531355) shall plug the Migl/Pastucha Lease, Well No. 2 (Drilling Permit No. 791219), and place the captioned property into compliance with Statewide Rules 13(b)(1)(F), 16(b), and any other applicable Commission rules and statutes.
2. Mascot Oil Company (Operator No. 531355) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWELVE THOUSAND DOLLARS (\$12,000.00)**.

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 Texas Government Code § 2001.142, by agreement under Texas Government Code § 2001.147, or by written Commission order issued pursuant to Texas Government 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 Texas Government 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.

Any other organization in which an officer of this organization holds a position of ownership or control at the time Respondent violated Commission rules related to safety and the control of pollution, **shall be subject to the restriction in Texas Natural Resources Code § 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.

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 4th day of June 2019.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated June 4, 2019)

JHM/bt