

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DOCKET NO. 00003075

ENFORCEMENT ACTION AGAINST ADDWEST MINERALS, INC. (OPERATOR NO. 007861) FOR VIOLATIONS OF STATEWIDE RULES ON THE POKORNY (08-33456) LEASE, WELL NOS. 1PO, 2PO, 3PO, 4PO, 5PO, 6PO, 7PO, 8PO, 9PO, 10PO, 11PO, 12PO, 13PO, 14PO, 15PO, 16PO, 17PO, 18PO, 19PO, 20PO, 21PO, 22PO, 23PO, 24PO, 25PO, 26PO, 27PO, 28PO, 29PO, 30PO, 31PO, 32PO, 33PO, 34PO, 35PO, 36PO, 37PO, 38PO, 39PO, 40PO, 41PO, 42PO, 43PO, 44PO, 45PO, 46PO, 47PO, 48PO, 49PO, 50PO, 51PO, 52PO, 53PO, 54PO, 55PO, 56PO, AND 57PO, WILDCAT FIELD, CULBERSON COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after statutory notice of the captioned enforcement proceeding Addwest Minerals, Inc. ("Respondent"), 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 Commissioners 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. Respondent, Operator No. 007861, 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. Respondent designated CT Corporation System as its Resident Texas Agent on its most recent Form P-5.
3. Respondent's Resident Texas Agent was sent the Original Complaint and Notice of Opportunity for Hearing by certified and first-class mail, addressed to the address provided on the most recent Form P-5.
4. 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 June 10, 2020. The first-class mail was not returned. Record of the delivery or 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.
5. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Resident Texas Agent was delivered on May 26, 2020. The first-class mail was not returned. Record of the delivery or 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.

6. On April 12, 2012, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Charles S. Williams and Charles W. Dalrymple.
7. Charles S. Williams was in a position of ownership or control of Respondent, as defined in Texas Natural Resources Code § 91.114, during the time period of the violations of Commission rules committed by Respondent.
8. Charles W. Dalrymple was in a position of ownership or control of Respondent, as defined in Texas Natural Resources Code § 91.114, during the time period of the violations of Commission rules committed by Respondent.
9. Respondent designated itself to the Commission as the operator of the Pokorny (08-33456) Lease, Well No(s). 1PO, 2PO, 3PO, 4PO, 5PO, 6PO, 7PO, 8PO, 9PO, 10PO, 11PO, 12PO, 13PO, 14PO, 15PO, 16PO, 17PO, 18PO, 19PO, 20PO, 21PO, 22PO, 23PO, 24PO, 25PO, 26PO, 27PO, 28PO, 29PO, 30PO, 31PO, 32PO, 33PO, 34PO, 35PO, 36PO, 37PO, 38PO, 39PO, 40PO, 41PO, 42PO, 43PO, 44PO, 45PO, 46PO, 47PO, 48PO, 49PO, 50PO, 51PO, 52PO, 53PO, 54PO, 55PO, 56PO, and 57PO, ("the Pokorny Lease") by filing by filing Commission Form W-1s (Application for Permit To Drill, Recomplete, or Re-enter). Commission records indicate that all W-1s were all submitted and approved in 1990.
10. Commission District inspection reports made on January 8, 2020, and February 26, 2020 on the Pokorny Lease showed that the Pokorny Lease has been inactive for a period greater than one year. Commission records indicate that production from the subject lease ceased at some time prior to 1993.
11. No workovers, re-entries, or subsequent operations have taken place on the subject wells in this complaint within the last 12 months; the subject wells have not been plugged; and no plugging extensions are in effect for the subject wells as allowed by Statewide Rule 14.
12. Unplugged wellbores are likely to cause pollution of usable quality ground water and surface water, as defined in Statewide Rule 8(a)(28) [16 Texas Administrative Code § 3.8(a)(28)], by serving 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 the surface downward.
13. Pursuant to calculations by Commission District Office personnel, the total estimated cost to the State for plugging the wells on the Pokorny Lease is \$7,000.00 per well, totaling \$399,000.00. Commission records indicate that Well Nos. 1PO, 2PO, 3PO, 4PO, 5PO, 6PO, 7PO, 8PO, 9PO, 10PO, 11PO, 12PO, 13PO, 14PO, 15PO, 16PO, 17PO, 18PO, 19PO, 20PO, 21PO, 22PO, 23PO, 24PO, 25PO, 26PO, 27PO, 28PO, 29PO, 30PO, 31PO, 32PO, 33PO, 34PO, 35PO, 36PO, 37PO, 38PO, 39PO, 40PO, 41PO, 42PO, 43PO, 44PO, 45PO, 46PO, 47PO, 48PO, 49PO, 50PO, 51PO, 52PO, 53PO, 54PO, 55PO, 56PO, and 57PO, measure a total of 54,072 feet deep.

CONCLUSIONS OF LAW

1. The Commission properly noticed 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 Texas Natural Resource Code §§ 89 and 91.
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14(b)(2) [16 Texas Administrative Code § 3.14(b)(2)], which requires the commencement of plugging operations on each dry or inactive well within one year after drilling or operations cease, unless the operator is eligible for and obtains an extension of the plugging deadline under Statewide Rule 15 [16 Texas Administrative Code § 3.15].
5. Respondent is in violation of Statewide Rule 14(b)(2). 16 Tex. Administrative Code § 3.14(b)(2).
6. 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 Texas Natural Resource Code § 81.0531(c).
7. Pursuant to Texas Natural Resource 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.
8. An assessed administrative penalty in the amount of **ONE HUNDRED SIXTY-EIGHT THOUSAND SEVENTY-TWO DOLLARS (\$168,072.00)** 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. Addwest Minerals, Inc. (Operator No. 007861) shall plug the Pokorny (08-33456) Lease, Well Nos. 1PO, 2PO, 3PO, 4PO, 5PO, 6PO, 7PO, 8PO, 9PO, 10PO, 11PO, 12PO, 13PO, 14PO, 15PO, 16PO, 17PO, 18PO, 19PO, 20PO, 21PO, 22PO, 23PO, 24PO, 25PO, 26PO, 27PO, 28PO, 29PO, 30PO, 31PO, 32PO, 33PO, 34PO, 35PO, 36PO, 37PO, 38PO, 39PO, 40PO, 41PO, 42PO, 43PO, 44PO, 45PO, 46PO, 47PO, 48PO, 49PO, 50PO, 51PO, 52PO, 53PO, 54PO, 55PO, 56PO, and 57PO, in compliance with Statewide Rule 14(b)(2) and otherwise place the subject leases in compliance with Statewide Rules 14(b)(2) and any other applicable Commission rules and statutes.
2. Addwest Minerals, Inc. (Operator No. 007861) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **ONE HUNDRED SIXTY-EIGHT THOUSAND SEVENTY-TWO DOLLARS (\$168,072.00)**

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.

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

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order
dated OCT 20 2020)

MAG/wcd