

RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

HEARINGS SECTION

OIL AND GAS DOCKET NO. 01-0242108

ENFORCEMENT ACTION AGAINST HILL PRODUCTION COMPANY NO. 2 (OPERATOR NO. 386969) FOR VIOLATIONS OF STATEWIDE RULES ON THE PENA #1 (12660) LEASE, WELL NO. 1, PEARSALL_(AUSTIN CHALK) FIELD, LASALLE COUNTY, TEXAS.

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceedings were heard by the examiner on November 17, 2005. The examiner has circulated a Proposal for Decision containing Findings of Fact and Conclusions of Law. Having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, those Findings of Fact and Conclusions of Law are hereby adopted and made a part hereof by reference.

It is accordingly **ORDERED** that, within 30 days from the day immediately following the date this order becomes final that Hill Production Company No. 2 (Op. No. 386969) shall:

- 1.) plug or place in compliance with Commission Statewide Rules 3, 8 and 14 the Pena #1 (12660) Lease, Well No. 1; and
- 2.) pay an administrative penalty of **TWO THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$2,750)**.

It is further **ORDERED** that Steven Christopher Hill, Ed Raney and Robert D. Luna, and any organization in which any of them may hold a position of ownership or control, shall be subject to the restrictions of 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 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 further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order 3 days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest within such 20-day

period after the party's presumed notice, this order shall not become final until such motion is overruled, or if rehearing 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 the order in accordance with TEX. GOV'T CODE §2001.144.

Each exception to the examiner's proposal for decision not expressly granted herein is overruled. 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 8th day of August, 2006, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN ELIZABETH A. JONES

COMMISSIONER MICHAEL L. WILLIAMS

COMMISSIONER VICTOR G. CARRILLO

ATTEST:

SECRETARY