

OIL & GAS DOCKET NO. 01-0252224

ENFORCEMENT ACTION AGAINST E & W OIL, INC. (OPERATOR NO. 238520) FOR VIOLATIONS OF STATEWIDE RULES ON THE JOE BUNCH (03385) LEASE, WELL NOS. 1, 2, 3, 4, 5, AND 6, LULING-BRANYON FIELD, CALDWELL COUNTY, TEXAS

APPEARANCES:

FOR MOVANT:

Susan German

MOVANT:

Enforcement Section
Railroad Commission of Texas

FOR RESPONDENT:

Stephany Cleaveland

RESPONDENT:

E & W Oil, Inc.

PROPOSAL FOR DECISION

PROCEDURAL HISTORY

DATE OF ORIGINAL COMPLAINT:

July 5, 2007

DATE OF NOTICE OF HEARING:

September 12, 2007

DATE OF HEARING:

December 13, 2007

HEARD BY:

James M. Doherty, Hearings
Examiner

DATE RECORD CLOSED:

December 31, 2007

DATE PFD CIRCULATED:

January 3, 2008

STATEMENT OF THE CASE

This proceeding was called by the Commission on the recommendation of the District Office to determine the following:

1. Whether the respondent E & W Oil, Inc. ("E & W") should be required to plug or otherwise place into compliance with Statewide Rule 14(b)(2) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE §3.14(b)(2)] the Joe Bunch (03385) Lease, Well Nos. 1, 2, 3, 4, 5, and 6, Luling-Branyon Field, Caldwell County, Texas;

2. Whether E & W violated Statewide Rule 14(b)(3) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE §3.14(b)(3)] by failing timely to perform required H-15 tests (Test on an Inactive Well More than 25 Years Old) on the Joe Bunch (03385) Lease, Well Nos. 1, 2, 3, 5, and 6, Luling-Branyon Field, Caldwell County, Texas;
3. Whether E & W violated Statewide Rule 9(12)(A)-(C) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE §3.9(12)(A)-(C)] by failing timely to perform a successful pressure test and file Form H-5 (Disposal/Injection Well Pressure Test Report) for the Joe Bunch (03385) Lease, Well No. 4, Luling-Branyon Field, Caldwell County, Texas;
4. Whether E & W violated provisions of Title 3, Oil and Gas, Subtitles A, B, and C, Texas Natural Resources Code, Chapter 27 of the Texas Water Code, and Commission rules and laws pertaining to safety or prevention or control of pollution by failing to plug the subject wells or otherwise failing to place the subject wells into compliance with Statewide Rules 14(b)(2), 14(b)(3) and 9(12)(A)-(C);
5. Whether, pursuant to Texas Natural Resources Code §81.0531, E & W should be assessed administrative penalties of not more than \$10,000 per day for each offense committed regarding the subject wells; and
6. Whether any violations of Statewide Rules 9(12), 14(b)(2), and 14(b)(3) by E & W should be referred to the Office of the Attorney General for further civil action pursuant to Texas Natural Resources Code §81.0534.

A hearing was held on December 13, 2007. Susan German, Staff Attorney, appeared representing the Enforcement Section of the Office of General Counsel ("Enforcement"). Stephany Cleaveland, President of E & W, appeared to represent the respondent and presented evidence. Enforcement's certified hearing file was admitted into evidence. The record of the hearing was held open until December 31, 2007, to receive documentary evidence from E & W on the issue of whether E & W has a good faith claim of a continuing right to operate the subject lease and wells.

APPLICABLE LAW

Statewide Rule 14(b)(2) requires that a well be plugged after 12 months of inactivity, unless a plugging extension is obtained. To be entitled to a plugging extension for a well, the operator must have on file a current Form P-5 organization report and the required amount of financial assurance, the well and its associated facilities must be in compliance with all laws and Commission rules, and, upon request, the operator must demonstrate that it has a good faith claim of a continuing right to operate the well.

Statewide Rule 14(b)(3) provides that the operator of any well more than 25 years old that becomes inactive and subject to the provisions of Rule 14(b) shall plug the well or successfully conduct a fluid level or hydraulic pressure test establishing that the well does not pose a potential threat of harm to natural resources, including surface and subsurface water, oil and gas.

Statewide Rule 9(12)(A) provides that the mechanical integrity of a disposal well shall be evaluated by conducting pressure tests to determine whether the well tubing, packer, or casing have sufficient mechanical integrity to meet the performance standards of Rule 9, or by alternative testing methods provided in Rule 9(12)(E). Rule 9(12)(C)(i) provides that each disposal well completed with surface casing set and cemented through the entire interval of protected usable quality water shall be tested for mechanical integrity at least once every five years.

DISCUSSION OF THE EVIDENCE

Matters Officially Noticed

The examiner has officially noticed the Commission's P-5 Master Inquiry and P-5 Financial Assurance Inquiry databases for E & W, which establish that as of the date of the hearing in this docket: (1) E & W's Form P-5 organization report had been delinquent since December 1, 2007¹; (2) E & W had last filed a Form P-5 organization report on December 18, 2006, at which time it also filed approved financial assurance in the form of a letter of credit in the amount of \$50,000; and (3) E & W's officers, as listed on its most recently filed Form P-5 organization report were Stephany Cleaveland, President, and Eric Brast, Vice President.

Enforcement

E & W designated itself the operator of the subject lease and wells by filing a Form P-4 (Certificate of Compliance and Transportation Authority) which was approved on August 6, 2001, effective September 1, 2000.

District Office inspections of the subject lease on February 7, 2007, March 26, 2007, and August 22, 2007, disclosed that Well Nos. 1, 2, 3, 5, and 6, which are oil wells, were inactive and not equipped to produce. These wells were found to consist of casing with a steel cap screwed on top. The February 7, 2007, inspection report stated that Jimmy Brast was on the lease at the time of the inspection and stated that Well Nos. 1, 2, 3, 5, and 6 had been swabbed by a previous operator.²

¹ E & W's President testified at the hearing that E & W's Form P-5 renewal had been slowed by the need to arrange for a new letter of credit from E & W's bank, but, according to the bank, filings to renew had been mailed to the Commission on December 7, 2007.

² The inspection report stated that Brast identified Cal-Tex as the previous operator which produced the wells by swabbing, but the Commission's P-4 Inquiry database shows that Cal-Tex has not previously been

According to the inspection report, Brast also stated that E & W planned to produce the wells and was waiting on a saltwater disposal permit and electricity to be run to the wells.

The Commission's Production Data Query database shows that no production has been reported to the Commission for the Joe Bunch (03385) Lease since November 30, 1997. Print-outs in the certified hearing file from the Commission's 14(b)(2) Well History Inquiry database show that plugging extensions for Well Nos. 1, 2, 3, 5, and 6 were denied on January 9, 2006, based on delinquency of Form H-15 tests for the wells. The examiner has officially noticed the 14(b)(2) Well History Inquiry database which shows that: (1) on July 23, 2007, plugging extensions for these wells were approved after successful H-15 tests had been performed on July 13, 2007; (2) the plugging extensions approved on July 23, 2007, expired on November 30, 2007, when E & W did not timely renew its Form P-5 organization report on December 1, 2007; and (3) these wells did not have plugging extensions between August 5, 1999, when the subject lease was severed for H-15 delinquency, and July 23, 2007, when plugging extensions were renewed after successful H-15 tests were performed.

The Joe Bunch (03385) Lease, Well No. 4 is a saltwater disposal well (Permit No. 11385/UIC No. 000063671). District Office inspections of the subject lease on February 7, 2007, and March 26, 2007, disclosed that Well No. 4 was inactive. However, on the occasion of a follow-up inspection on August 22, 2007, Well No. 4 was being used as a disposal well. A flowline was found to be running from a fluid storage tank to Well No. 4 and a pump was injecting into the well.³ No injection activity has been reported to the Commission for Well No. 4 since prior to January 1, 1993.

A print-out in the certified enforcement case file from the Commissions 14(b)(2) Well History database shows that the Joe Bunch (03385) Lease, Well No. 4 was denied a plugging extension on January 9, 2006, based on delinquency of a required mechanical integrity test. The examiner has officially noticed the 14(b)(2) Well History database, which shows that Well No. 4 has not had a plugging extension since at least October 26, 2002, because of mechanical integrity test delinquency. The well has not been qualified for a plugging extension since October 30, 1996, when a mechanical integrity test required as of that date was not performed.

The Joe Bunch (03385) Lease, Well Nos. 1, 2, 3, 5, and 6 are more than 25 years old, inactive, and unplugged. Completion dates for these wells are as follows: Well No. 1 - March 10, 1964; Well No. 2 - June 13, 1964; Well No. 3 - July 17, 1964; Well No. 5 - prior to October 1965; and Well No. 6 - October 29, 1971. Form H-15 fluid level tests were due to be performed on these wells in May 1999, but were not performed then, or annually thereafter as required, until successful H-15 tests were performed on July 13, 2007.

designated as the operator of the Joe Bunch (03385) Lease.

³ At the time of this injection, the certificate of compliance for the Joe Bunch (03385) Lease was severed, and a required mechanical integrity test for Well No. 4 was delinquent.

The last successful mechanical integrity test performed on the Joe Bunch (03385) Lease, Well No. 4, a saltwater disposal well, was performed on April 28, 1989. A further mechanical integrity test due on October 30, 1996, was not performed. No further mechanical integrity test was performed on Well No. 4 until December 10, 2007, at which time the well failed.

On February 15, 2007, May 1, 2007, and May 5, 2007, the District Office sent E & W notices, correspondence, or a copy of a memorandum to the Deputy Director of Field Operations, notifying E & W of the Rule 14(b)(2) violations on the subject lease and requesting E & W's voluntary compliance.

An affidavit of Keith Barton, P.E., Field Operations in the certified hearing file stated that a well that is in violation of Rule 14, by having been inactive for one year, must be plugged in accordance with the technical requirements of Rule 14 to prevent pollution of usable quality surface or subsurface waters. Any wellbore, cased or otherwise, is a potential conduit for flow from oil or saltwater zones to zones of usable quality water or to the surface. Holes or leaks may develop in cased wells, allowing oil or saltwater to communicate with usable quality water zones or to flow to the surface. Uncased wells allow direct communication between zones and provide unimpeded access to the surface.

The Barton affidavit stated also that any inactive well that is more than 25 years old must be plugged or tested to determine whether the well poses a potential threat of harm to natural resources, including surface and subsurface water, oil and gas. Casing leaks and/or fluid levels above the base of usable quality water indicate a possible pollution hazard. Without the required test and supporting documentation (Form H-15), the Commission cannot determine whether the well poses a threat to natural resources.

The Barton affidavit stated also that any injection or disposal of fluid down a wellbore could be a potential source of pollution. Under Statewide Rule 9(12), operators must pressure test each disposal well at least once every five years to show the well is not leaking, waste is being confined to the permitted injection interval, and usable quality water zones are properly isolated from possible contamination.

A certification of the Commission's Secretary dated December 12, 2007, certified that no plugging record (Form W-3) or Cementing Affidavit (Form W-15) has been filed or approved for the subject wells and no successful mechanical integrity test result has been filed for the Joe Bunch (03385) Lease, Well No. 4.

Enforcement requests that a penalty of \$13,000 be assessed against E & W, calculated on the basis of one Rule 9(12) violation at \$1,000 and six Rule 14(b)(2) violations at \$2,000 each. Although Enforcement's complaint requested a penalty of \$23,000, Enforcement adjusted the requested penalty downward by \$10,000 to account for the fact that as of July 13, 2007, E & W had corrected the five Rule 14(b)(3) violations alleged in the complaint.

E & W

E & W's President testified that E & W performed successful H-15 tests on all of the subject wells as of July 13, 2007. In addition, it performed a mechanical integrity test on the Joe Bunch (03385) Lease, Well No. 4 on December 10, 2007, although the well failed the test because it has a leak. E & W reported this to the District Office, which advised E & W that the District Office would give E & W 60 days to repair the well and perform a successful mechanical integrity test. E & W intends to repair Well No. 4 and attempt to place the well into compliance.

After the close of the hearing, the examiner issued a letter to the parties stating that the record would be held open until December 31, 2007, for receipt from E & W of documentary evidence that E & W has a good faith claim of a continuing right to operate the subject lease and wells. This letter stated that if E & W did not make this filing on or before December 31, 2007, it would be considered that E & W made no claim that it had a continuing right to operate the subject lease and wells. E & W did not submit any good faith claim documentation on or before December 31, 2007.

EXAMINER'S OPINION

Enforcement proved that E & W violated Statewide Rules 9(12), 14(b)(2), and 14(b)(3). The Rule 14(b)(3) violations were corrected when successful H-15 tests were performed on the Joe Bunch (03385) Lease, Well Nos. 1, 2, 3, 5, and 6 on July 13, 2007, but the Rule 9(12) and 14(b)(2) violations were not corrected prior to the hearing.

In determining the amount of the penalty to be imposed against E & W, the Commission is required by Texas Natural Resources Code §81.0531 to consider the operator's previous violations, the seriousness of the violation, any hazard to the health or safety of the public, and the demonstrated good faith of the person charged. According to Enforcement's complaint in this docket, E & W has no history of prior final enforcement orders entered against it for violations of Commission rules. On the other hand, the involved violations are serious, and present a hazard to the health and safety of the public, because of the threat of pollution of usable quality water presented by inactive, untested, and unplugged wellbores. E & W demonstrated some measure of good faith by performing successful H-15 tests on the subject wells on July 13, 2007, but a countervailing factor is that H-15 tests on the wells had been delinquent for the six years that E & W had been the operator of the wells prior to July 13, 2007. E & W also performed a mechanical integrity test on the Joe Bunch (03385) Lease, Well No. 4 three days prior to the hearing, but the well failed, and a successful MIT test for this well has been delinquent for the entire time since 2001 when E & W was approved as operator of the well. E & W's use of Well No. 4 for disposal of fluid during at least August 2007, while the Joe Bunch (03385) Lease was severed and a MIT test for the well was delinquent, also weighs against E & W on the good faith issue.

The penalty requested by Enforcement consisting of \$1,000 for one violation of Statewide Rule 9(12) and \$2,000 for each of six violations of Statewide Rule 14(b)(2) is consistent with the standard penalties provided by the recommended standard penalty schedule for enforcement cases. Enforcement withdrew its original request for a penalty for six violations of Statewide Rule 14(b)(3), which gives more than adequate consideration to the successful H-15 tests performed on the subject wells on July 13, 2007. The examiner thus recommends that a penalty in the total amount of \$13,000 be assessed against E & W for violations of Statewide Rules 9(12) and 14(b)(2).

The remaining issue is whether E & W should be required to plug the subject wells, or be afforded the alternative of otherwise placing the wells into compliance with Statewide Rules 9(12) and 14(b)(2). The examiner recommends that E & W be required to plug the wells for the following reasons: (1) Well Nos. 1, 2, 3, 5, and 6 are more than 36 years old; (2) Well Nos. 1, 2, 3, 5, and 6 were stripped of downhole equipment by a previous operator, and currently consist of casing only with a steel cap screwed on top; (3) Well Nos. 1, 2, 3, 5, and 6 have not been produced in more than ten years; (4) Well No. 4, a saltwater disposal well, failed a mechanical integrity test on December 10, 2007, and is leaking; (5) No injection activity for Well No. 4 has been reported to the Commission since prior to January 1, 1993; (6) In August 2007, E & W used Well No. 4 for disposal of fluid, notwithstanding the fact that the Joe Bunch (03385) Lease was severed and a required mechanical integrity test for the well was delinquent; and (7) E & W failed, upon request, to establish that it has a good faith claim of a continuing right to operate Well Nos. 1, 2, 3, 4, 5, and 6.

Based on the record in this case, the examiner recommends adoption of the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. E & W Oil, Inc. ("E & W") was given at least ten (10) days notice of this hearing by certified mail. E & W appeared at the hearing and presented evidence.
2. E & W is a corporation and its most recent Form P-5 organization report on file as of the date of the hearing in this docket listed its officers as Stephany Cleaveland, President, and Eric Brast, Vice President.
3. As officers, Stephany Cleaveland and Eric Brast were persons in a position of ownership or control of E & W at the time the violations in this docket were committed.
4. The violations involved in this docket are violations of Commission rules related to safety and the prevention or control of pollution.
5. As of the date of the hearing in this docket, the Form P-5 organization report of E & W had been delinquent since December 1, 2007. E & W had last filed a Form P-5 organization report on December 18, 2006, at which time it also filed approved financial assurance in the form of a letter of credit in the amount of \$50,000.

6. E & W designated itself the operator of the Joe Bunch (03385) Lease (“subject lease”), Well Nos. 1, 2, 3, 4, 5, and 6 (“subject wells”), Luling-Branyon Field, Caldwell County, Texas, by filing a Form P-4 (Certificate of Compliance and Transportation Authority), which was approved on August 6, 2001, effective September 1, 2000.
7. As of the date of the hearing in this docket, the subject wells had been inactive for more than one year, did not have Statewide Rule 14(b)(2) plugging extensions, and had not been plugged.
 - a. On the occasion of District Office inspections of the subject lease on February 7, 2007, March 26, 2007, and August 22, 2007, Well Nos. 1, 2, 3, 5, and 6, which are oil wells, were inactive and not equipped to produce.
 - b. On the occasion of District Office inspections of the subject lease on February 7, 2007, and March 26, 2007, Well No. 4, a saltwater disposal well, was inactive.
 - c. On the occasion of a District Office inspection of the subject lease on August 22, 2007, Well No. 4 was being used for disposal of fluid, although the certificate of compliance for the subject lease was severed and a required mechanical integrity test for Well No. 4 was delinquent. E & W ceased to use Well No. 4 for disposal after August 2007.
 - d. No production has been reported to the Commission for Well Nos. 1, 2, 3, 5, and 6 on the subject lease since November 30, 1997.
 - e. No injection activity for Well No. 4 has been reported to the Commission since prior to January 1, 1993.
 - f. Well Nos. 1, 2, 3, 5, and 7 on the subject lease did not have Statewide Rule 14(b)(2) plugging extensions between August 5, 1999, when the subject lease was severed for H-15 (Test on an Inactive Well More than 25 Years Old) delinquency, and July 23, 2007, when plugging extensions were renewed after successful H-15 tests were performed. The plugging extensions approved on July 23, 2007, expired on November 30, 2007, when E & W failed to renew its Form P-5 organization report on December 1, 2007.
 - g. Well No. 4 on the subject lease has been denied a Statewide Rule 14(b)(2) plugging extension since at least October 26, 2002, based on delinquency of a required mechanical integrity test. This well has not been qualified for a plugging extension since October 30, 1996, when a mechanical integrity test required as of that date was not performed.

- h. No plugging record (Form W-3) or Cementing Affidavit (Form W-15) has been filed or approved for the subject wells.
- 8. Well Nos. 1, 2, 3, 5, and 6 on the subject lease are more than 25 years old, and required H-15 tests for these wells were delinquent between May 1999 and July 13, 2007. On July 13, 2007, approved H-15 tests were performed on these wells.
- 9. Well No. 4 on the subject lease last had a successful mechanical integrity test on April 28, 1989, whereas this well is required to be pressure tested successfully at least once every five years pursuant to Statewide Rule 9(12). A mechanical integrity test was performed on this well on December 10, 2007, but the well failed the test.
- 10. On February 15, 2007, May 1, 2007, and May 5, 2007, the District Office sent E & W notices, correspondence, or a copy of a memorandum to the Deputy Director of Field Operations, notifying E & W of the Rule 14(b)(2) violations on the subject lease and requesting E & W's voluntary compliance. As of the date of the hearing in this docket, the requested voluntary compliance had not been achieved.
- 11. A well that is in violation of Statewide Rule 14, by having been inactive for one year, must be plugged in accordance with the technical requirements of Rule 14 to prevent pollution of usable quality surface or subsurface waters. Any wellbore, cased or otherwise, is a potential conduit for flow from oil or saltwater zones to zones of usable quality water or to the surface. Holes or leaks may develop in cased wells, allowing oil or saltwater to communicate with usable quality water zones or to flow to the surface. Uncased wells allow direct communication between zones and provide unimpeded access to the surface.
- 12. Any inactive well that is more than 25 years old must be plugged or tested to determine whether the well poses a potential threat of harm to natural resources, including surface and subsurface water, oil and gas. Casing leaks and/or fluid levels above the base of usable quality water indicate a possible pollution hazard. Without the required test and supporting documentation (Form H-15), the Commission cannot determine whether the well poses a threat to natural resources.
- 13. Any injection or disposal of fluid down a wellbore could be a potential source of pollution. Under Statewide Rule 9(12), operators must pressure test each disposal well at least once every five years to show the well is not leaking, waste is being confined to the permitted injection interval, and usable quality water zones are properly isolated from possible contamination.
- 14. No prior final enforcement orders have been entered against E & W for violations of Commission rules.

15. An order requiring that the subject wells be plugged is necessary and appropriate to achieve compliance of such wells with Statewide Rule 14(b)(2).
 - a. Well Nos. 1, 2, 3, 5, and 6 on the subject lease are more than 36 years old.
 - b. Well Nos. 1, 2, 3, 5, and 6 on the subject lease were stripped of downhole equipment by a previous operator and currently consist of casing only with a steel cap screwed on top.
 - c. Well Nos. 1, 2, 3, 5, and 6 on the subject lease have not been produced in more than ten years.
 - d. Well No. 4 on the subject lease, a saltwater disposal well, failed a mechanical integrity test on December 10, 2007, and is leaking.
 - e. No injection activity for Well No. 4 has been reported to the Commission since prior to January 1, 1993.
 - f. In August 2007, E & W used Well No. 4 for disposal of fluid, notwithstanding the fact that the certificate of compliance for the subject lease and well were severed and a required mechanical integrity test for the well was delinquent.
 - g. E & W failed, upon request, to establish that it has a good faith claim of a continuing right to operate the subject wells.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. E & W Oil, Inc., is the operator of the Joe Bunch (03385) Lease (“subject lease”), Well Nos. 1, 2, 3, 4, 5, and 6 (“subject wells”), Luling-Branyon Field, Caldwell County, Texas, as defined by Statewide Rules 14, 58, and 79 [Tex. R.R. Comm’n, 16 TEX. ADMIN. CODE §§3.14, 3.58, and 3.79] and Chapters 85 and 89 of the Texas Natural Resources Code.
4. As operator, E & W Oil, Inc., has the primary responsibility for complying with Statewide Rules 9(12), 14(b)(2), and 14(b)(3) [Tex. R.R. Comm’n, 16 TEX. ADMIN. CODE §§3.9(12), 3.14(b)(2), and 3.14(b)(3)], Chapters 89 and 91 of the Texas Natural Resources Code, and other applicable statutes and Commission rules respecting the subject lease and wells.

5. E & W Oil, Inc., violated Statewide Rule 9(12) by failing timely to perform a successful mechanical integrity test on the Joe Bunch (03385) Lease, Well No. 4, Luling-Branyon Field, Caldwell County, Texas. Well No. 4 has been out of compliance with Statewide Rule 9(12) since October 30, 1996.
6. E & W Oil, Inc., violated Statewide Rule 14(b)(2) by failing timely to plug, or otherwise place into compliance with Rule 14(b)(2), the Joe Bunch (03385) Lease, Well Nos. 1, 2, 3, 4, 5, and 6, Luling-Branyon Field, Caldwell County, Texas. These wells were out of compliance with Statewide Rule 14(b)(2) between August 5, 1999, and July 23, 2007, and after November 30, 2007.
7. E & W Oil, Inc., violated Statewide Rule 14(b)(3) by failing timely to perform required H-15 tests (Test on an Inactive Well More than 25 Years Old) on the Joe Bunch (03385) Lease, Well Nos. 1, 2, 3, 5, and 6, Luling-Branyon Field, Caldwell County, Texas. These wells were out of compliance with Statewide Rule 14(b)(3) between May 1999 and July 13, 2007.
8. The documented violations committed by E & W Oil, Inc., constitute acts deemed serious and a hazard to the public health and safety within the meaning of Texas Natural Resources Code §81.0531.
9. E & W Oil, Inc., has not demonstrated good faith within the meaning of Texas Natural Resources Code §81.0531.
10. As officers of E & W Oil, Inc., at the time E & W Oil, Inc., violated Commission rules related to safety and the prevention or control of pollution, Stephany Cleaveland and Eric Brast, and any organization subject to the Commission's jurisdiction in which they, or either of them, may hold a position of ownership or control, are subject to the restrictions of Texas Natural Resources Code §91.114(a)(2).

RECOMMENDATION

The examiner recommends that the attached final order be adopted requiring E & W Oil, Inc., to plug the Joe Bunch (03385) Lease, Well Nos. 1, 2, 3, 4, 5, and 6, Luling-Branyon Field, Caldwell County, Texas, and pay an administrative penalty in the amount of \$13,000.

Respectfully submitted,

James M. Doherty
Hearings Examiner