

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL AND GAS DOCKET NO. 04-0256344

ENFORCEMENT ACTION AGAINST VTEX ENERGY, INC. (OPERATOR NO. 887727), FOR VIOLATIONS OF STATEWIDE RULES 3 AND 14(B)(2) ON THE STATE TRACT 818L LEASE, WELL NO. B1 (RRC NO. 085834), STATE TRACT 818L LEASE, WELL NO. B2 (RRC NO. 095563), AND STATE TRACT 818L LEASE, WELL NO. B3 (RRC NO. 095564) SAMEDAN (FRIO) FIELD, OFFSHORE KLEBERG COUNTY, TEXAS.

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on October 9, 2008, the examiner has made and filed a proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record, and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies, hereby adopts as its own the findings of fact and conclusions of law contained in the proposal for decision, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein with the exception of Finding of Fact No. 2 and Conclusions of Law No. 9 and No. 11. The Commission hereby adopts amended Finding of Fact No. 2 and Conclusions of Law No. 9 and No. 11 which are set forth as follows:

Finding of Fact No. 2: VTEX's most recent approved Commission Form P-5 (Organization Report) was filed on September 4, 2003. Stephen Francis Noser is identified as VTEX's President. Samuel Mark Skipper is identified as VTEX's Chief Executive Officer. Commission mainframe records show Samuel Mark Skipper was removed as an officer of VTEX in 2004. VTEX's Organization Report is currently delinquent.

Conclusion of Law No. 9: Stephen Francis Noser was an officer in a position of ownership or control of VTEX, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.

Conclusion of Law No. 11: As an officer in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, Stephen Francis Noser and any other organization in which he may hold a position of ownership or control, shall be subject to the restrictions of Texas Natural Resources Code Section 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 accordingly **ORDERED** that, within 30 days from the day immediately following the date this order becomes final, VTEX Energy, Inc. shall:

- 1) plug Well No. B1 (RRC No. 085834), Well No. B2 (RRC No. 095563), and, Well No. B3 (RRC No. 095564), State Tract 818L Lease, Samedan (Frio) Field, Offshore Kleberg County, Texas; and
- 2) pay an administrative penalty of **ONE HUNDRED FIFTY THOUSAND SEVEN HUNDRED AND FIFTY DOLLARS (\$150,750.00)**.

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 three days after the date on which the notice is mailed. If a timely motion for rehearing is filed by any party of 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 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.

Done this 15th day of January 2009.

RAILROAD COMMISSION OF TEXAS

MICHAEL L. WILLIAMS, CHAIRMAN

VICTOR G. CARRILLO, COMMISSIONER

ELIZABETH A. JONES, COMMISSIONER

ATTEST:

SECRETARY