

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

OIL & GAS DOCKET NO. 09-0264159

ENFORCEMENT ACTION AGAINST V S OIL COMPANY (OPERATOR NO. 881120) FOR VIOLATIONS OF STATEWIDE RULES ON THE WAGGONER -E- (04988) LEASE, WELL NOS. 1, 2, 4, 5, 6, 7, 8, 11, 12, 13, 16, 17, 18, 19, AND 20, WICHITA COUNTY REGULAR FIELD, WICHITA COUNTY; AND W.T. WAGGONER "TB" (13395) LEASE, WELL NOS. 568 AND 570, WICHITA COUNTY REGULAR FIELD, WICHITA COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by an examiner and there has been 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:

1. V S Oil Company shall plug the Waggoner -E- (04988) Lease, Well Nos. 1, 2, 4, 5, 6, 7, 8, 11, 13, 16, 17, 18, 19 and 20; and the W.T. Waggoner "TB" (13395) Lease, Well Nos. 568 and 570, Wichita County Regular Field, Wichita county, Texas; and
2. V S Oil Company shall remit to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **SIXTY-EIGHT THOUSAND DOLLARS (\$68,000)**.

It is further **ORDERED** that Vernon Smith, Jr., and any organization in which he 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 three days after the date on which the notice is actually 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.

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 ____ day of ____, 2011, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN ELIZABETH A. JONES

COMMISSIONER DAVID PORTER

COMMISSIONER BARRY T. SMITHERMAN

ATTEST:

SECRETARY