

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

OIL & GAS DOCKET NO. 09-0243232

ENFORCEMENT ACTION AGAINST DONALD D. MCCALLUM, SOLE PROPRIETOR (OPERATOR NO. 538761) FOR VIOLATIONS OF STATEWIDE RULES ON THE MITCHELL, SUE FARMOUT LEASE, WELL NO. 1 (DRILLING PERMIT NO. 532969), K-M-A (1300), K-M-A (1600) FIELD, WICHITA COUNTY; AND MITCHELL, SUE FARMOUT LEASE, WELL NO. 2 (DRILLING PERMIT NO. 534927), K-M-A (1300), K-M-A (1600) 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, which was served on all parties of record, and was duly submitted to the Railroad Commission of Texas at Conference held at its offices in Austin, Texas.

The Commission, after review and due consideration of the proposal for decision and the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own Findings of Fact Nos. (1) through (5) and (8) through (23) and Conclusions of Law Nos. (1) through (5) and (8) through (18).

In addition, the Commission adopts the following Substitute Findings of Fact:

Substitute Findings of Fact:

6. Commission inspections show that the Sue Mitchell Farmout (30651) Lease Well No. 1 (Drilling Permit No. 532969) lacked the signs or identification required by Statewide Rule 3(2). Specifically, Commission District Office inspection reports indicate that the subject well lacked proper identification on July 1, 2004, July 6, 2004, July 8, 2004, January 11, 2005 and March 23, 2005, a period in violation of at least nine months.
7. Commission inspections show that the Sue Mitchell Farmout (30651) Lease Well No. 2 (Drilling Permit No. 534927) lacked the signs or identification required by Statewide Rule 3(2). Specifically, Commission District Office inspection reports indicate that the subject well lacked proper identification on July 1, 2004, August 6, 2004, November 8, 2004, January 11, 2005 and March 23, 2005, a period in violation of at least nine months.

In addition, the Commission adopts the following Substitute Conclusions of Law:

Substitute Conclusions of Law:

6. McCallum violated Statewide Rule 3(2) by failing to post required identification signs at Well No. 1 (Drilling permit No. 532969) on the Sue Mitchell Farmout (30651) Lease, Wichita County, Texas. McCallum was out of compliance with Statewide Rule 3(2) from July 1, 2004 through March 23, 2005, a period in violation of nine months.
7. McCallum violated Statewide Rule 3(2) by failing to post required identification signs at Well No. 2 (Drilling permit No. 534927) on the Sue Mitchell Farmout (30651) Lease, Wichita County, Texas. McCallum was out of compliance with Statewide Rule 3(2) from July 1, 2004 through March 23, 2005, a period in violation of nine months.

It is accordingly **ORDERED** that, within 30 days from the day immediately following the date this order becomes final:

1. Donald D. McCallum shall remit to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **THIRTEEN THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$13,750.00)**.

It is further **ORDERED** that Donald D. McCallum, 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 13th day of December, 2011, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN ELIZABETH AMES JONES

COMMISSIONER DAVID PORTER

COMMISSIONER BARRY T. SMITHERMAN

ATTEST:

SECRETARY