

July 1, 2004

OIL AND GAS DOCKET NO. 10-0236241

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**ENFORCEMENT ACTION AGAINST CORY LEE MEADOWS DBA C & C OIL PRODUCERS FOR VIOLATIONS OF STATEWIDE RULES ON THE HAILE (00820) LEASE, WELL NOS. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, AND 16 AND THE CHRISTIAN, ET AL/GPC FEE UNIT -E- / (01712) LEASE, WELL NO. 1, PANHANDLE HUTCHINSON COUNTY FIELD, HUTCHINSON COUNTY, TEXAS.**

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**APPEARANCES:**

**FOR MOVANT:**

**MOVANT:**

Lowell Williams, Attorney

Enforcement Section of the Railroad Commission

**No Appearance By Respondent Cory Lee Meadows**

### **PROPOSAL FOR DECISION**

#### **PROCEDURAL HISTORY**

<b>COMPLAINT FILED:</b>	December 12, 2003
<b>DATE CASE HEARD:</b>	February 5, 2004
<b>HEARD BY:</b>	Mark Helmueller, Hearings Examiner
<b>PFD ISSUED:</b>	June 30, 2004
<b>CURRENT STATUS:</b>	Default

#### **STATEMENT OF THE CASE**

This was a Commission-called hearing on the recommendation of the District Office to determine the following:

1. Whether the respondent, Cory Lee Meadows dba C & C Oil Producers, violated Texas Natural Resources Code §91.143 for false filings of Commission Form H-15 (Test on An Inactive Well More Than 25 Years Old), required for the Haile (00820) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, and 16 and the Christian, Et al/GPC Fee Unit -E- / (01712) Lease, Well No. 1, Panhandle Hutchinson County Field, Hutchinson County, Texas;
2. Whether the respondent should be assessed administrative penalties of not more than \$1,000 per

violation;

3. Whether any violations of Texas Natural Resources Code §91.143 should be referred to the Office of the Attorney General for further civil action pursuant to TEX. NAT. RES. CODE ANN. §81.0534.
4. Whether any violations of Texas Natural Resources Code §91.143 should be referred to the Office of the District Attorney for Hutchinson County for criminal prosecution.
5. Whether other orders should be entered as permitted by law.

### PROCEDURAL SUMMARY

Following service by certified mail of the Notice of Opportunity for Hearing and complaint on December 12, 2003, the Commission convened a default hearing on February 5, 2004 to address the violations. The certified mailing to respondent's address as reported on the most recent Commission Form P-5 (Organization Report) accepted by the Commission was returned by the post office and marked "Unclaimed". Receipt of the certified mailing including the Notice of Opportunity for Hearing and the complaint was confirmed by the execution of a domestic return receipt by Donna Christie, the trustee in a Chapter 7 involuntary bankruptcy, Case No. 03-20159 filed in the United States Bankruptcy Court for the Northern District of Texas, Amarillo Division on September 13, 2003. Lowell Williams appeared representing the Railroad Commission of Texas, Enforcement Section.

The Enforcement Section's hearing file for this docket was admitted into evidence. The staff recommended a \$18,500 penalty at the hearing for 16 violations of Texas Natural Resources Code §91.143 broken down as follows: \$1,000 for each violation; and a \$2,500 enhancement based on a prior Final Order entered against respondent in Oil & Gas Docket No. 10-0231277.

It is the examiner's conclusion that the jurisdictional limit to the amount of an administrative penalty that the Commission may impose for a violation of Texas Natural Resources Code §91.143 is \$1,000.00 per violation, and that the inclusion of the additional \$2,500 enhancement for the Final Order entered against respondent in Oil & Gas Docket No. 10-0231277 exceeds the jurisdictional limit under the statute. Accordingly, the examiner recommends that the amount of the administrative penalty to be assessed against respondent in this docket be limited to \$16,000.

The examiner further recommends that pursuant to the parallel authority provided in Texas Natural Resources Code §91.143 for criminal prosecution of violations, that the Commission request that the District Attorney for Hutchinson County pursue a criminal prosecution against respondent, and that the Commission further direct its staff and personnel be available to assist the District Attorney's office as necessary.

### SUMMARY OF EVIDENCE

Enforcement presented evidence that respondent requested to be recognized as the operator of the Haile (00820) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, and 16, (hereinafter “Haile Lease”) by filing a Commission Form P-4 (Producer’s Transportation Authority and Certificate of Compliance), on August 21, 2001 which was approved by the Commission on September 17, 2001. On September 24, 2003, the Commission recognized North Texas Operating Co., Ltd. as the operator of the Haile Lease.

Enforcement presented evidence that respondent requested to be recognized as the operator of the Christian, Et al/GPC Fee Unit -E- / (01712) Lease, (hereinafter “Christian Lease”) by filing a Commission Form P-4 on October 4, 1999 which was approved by the Commission on December 27, 1999. On September 24, 2003, the Commission recognized North Texas Operating Co., Ltd. as the operator of the Christian Lease.

Respondent filed its most recent Organization Report with the Commission on December 2, 2002. It identified Cory Meadows, as sole proprietor. Respondent’s Organization Report is currently listed as delinquent. Respondent is the operator of 125 wells, all of which are inactive. Respondent posted financial assurance in the form of a \$250,000 letter of credit at the time of its last renewal. The Commission has collected on respondent’s letter of credit.

Commission records show that respondent was sent a notice by certified mail on July 7, 2003 advising respondent that it had failed to file Commission Form H-15s reporting the fluid level for the 15 wells located on the Haile Lease. The notice further advised that if respondent failed to perform the required tests and submit the results to the Commission within 30 days that the certificate of compliance for the Haile Lease would be canceled.

Commission records show that respondent was sent a notice by certified mail on July 7, 2003 advising respondent that it had failed to file a Commission Form H-15 reporting the fluid level for the Well No. 1 on the Christian Lease. The notice further advised that if respondent failed to perform the required test and submit the results to the Commission within 30 days that the certificate of compliance for the Christian Lease would be canceled.

Commission records show that respondent filed Form H-15 for the 15 wells on the Haile Lease

on August 1, 2003. Each Form H-15 reported that the respective well had been tested on July 20 and 21, 2003 through the use of a sonic survey to obtain the depth of the top of fluid in the wellbore. Similarly, respondent filed a Form H-15 for the single well on the Christian Lease. The H-15 form contains a Certification section which reads:

“I declare under felony conviction penalties prescribed in Texas Natural Resources Code §91.143, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that the data and facts stated herein are true, correct, and complete to the best of my knowledge: further, I declare to the best of my knowledge, that this well is not 1) polluting or likely to pollute any ground or surface water nor 2) allowing escape of formation fluids from the strata in which they were originally located.”

Respondent’s Form H-15 for the Haile Lease, Well No. 1, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3022’. An inspection of the Haile Lease, Well No. 1 on August 8, 2003 found the well equipped to produce, however, the sheaves and polish rod were extremely rusty and the power switch was turned off. The wellhead fittings were extremely rusty and had not been disconnected recently. The estimated fluid level acquired by the inspector was 2883’.

Respondent’s Form H-15 for the Haile Lease, Well No. 2, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3037’. An inspection of the Haile Lease, Well No. 2 on August 8, 2003 found that the wellhead was buried and had not been unearthed. The inspector excavated the wellhead but was unable to shoot a fluid level because the wellhead was plugged with carbon.

Respondent’s Form H-15 for the Haile Lease, Well No. 3, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3045’. An inspection of the Haile Lease, Well No. 3 on August 8, 2003 found that the fittings on the wellhead had not been touched and were very rusty. The inspector attempted to shoot a fluid level on the well, however, the piping was too close to the concrete cellar and could not be unscrewed.

Respondent’s Form H-15 for the Haile Lease, Well No. 4, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3012’. An inspection of the Haile Lease, Well No. 4 on August 12, 2003 found that the wellhead had no recent wrench marks on wellhead fittings. The inspector was unable to shoot a fluid level on the well because the flow line had no valve at the wellhead and the orbit valve on the casing was inoperable.

Respondent's Form H-15 for the Haile Lease, Well No. 5, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3026'. An inspection of the Haile Lease, Well No. 5 on August 8, 2003 found that the wellhead was partially buried, that the wellhead area had not been excavated recently and that no wrench marks or other signs of work were visible on the wellhead. The inspector was unable to shoot a fluid level.

Respondent's Form H-15 for the Haile Lease, Well No. 6, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3018'. An inspection of the Haile Lease, Well No. 6 on August 8, 2003 found the well equipped to produce, however, the sheaves and polish rod were extremely rusty and the power switch was turned off. Additionally, the bridle that connects the pumping unit to the rod string was missing and the fluid flow line was disconnected from the tubing. The fittings at the well had no wrench marks and no excavation was done to access the fittings for removal. The inspector's attempt to shoot a fluid level was unsuccessful.

Respondent's Form H-15 for the Haile Lease, Well No. 7, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3021'. An inspection of the Haile Lease, Well No. 7 on August 8, 2003 found the wellhead buried with no excavation to access the fittings for removal. The inspector was unable to shoot a fluid level.

Respondent's Form H-15 for the Haile Lease, Well No. 8, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3018'. An inspection of the Haile Lease, Well No. 8 on August 8, 2003 found that no work had been done at the well. There were no wrench marks on the wellhead fittings. The inspector shot a fluid level which estimated the top of fluid level at 2985'.

Respondent's Form H-15 for the Haile Lease, Well No. 9, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3036'. An inspection of the Haile Lease, Well No. 9 on August 8, 2003 found that no work had been done at the well and there were no wrench marks on wellhead fittings. Additionally, the wellhead was found partially covered with paraffin, which had not been disturbed. The inspector was unable to shoot a fluid level.

Respondent's Form H-15 for the Haile Lease, Well No. 10, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured

the top of the fluid level in the wellbore at a depth of 3013'. An inspection of the Haile Lease, Well No. 10 made on August 8, 2003 found the well equipped for production however the pumping unit had no electric motor and was not capable of producing. There were no wrench marks on wellhead fittings and there was no valve in the flow line near the wellhead.

Respondent's Form H-15 for the Haile Lease, Well No. 11, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3007'. An inspection of the Haile Lease, Well No. 11 made on August 8, 2003 found the well equipped to produce, however, the sheaves and polish rod were extremely rusty and well was off at the power switch. There were no wrench marks on wellhead fittings. The inspector shot a fluid level on this well which estimated the top of fluid at 2816'.

Respondent's Form H-15 for the Haile Lease, Well No. 12, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3019'. An inspection of the Haile Lease, Well No. 12 on August 15, 2003 found no wrench marks on the wellhead fittings. Additionally, the wellhead area was covered with oil and paraffin. The inspector was unable to shoot a fluid level because of freestanding oil and paraffin at the well.

Respondent's Form H-15 for the Haile Lease, Well No. 14, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3006'. An inspection of the Haile Lease, Well No. 14 on August 8, 2003 found no wrench marks on the wellhead fittings. The inspector was unable to shoot a fluid level because the flow line could not be shut in.

Respondent's Form H-15 for the Haile Lease, Well No. 15, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3019'. An inspection of the Haile Lease, Well No. 15 on August 8, 2003 found the wellhead buried and that the soil had not been disturbed.

Respondent's Form H-15 for the Haile Lease, Well No. 16, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3022'. An inspection of the Haile Lease, Well No. 16 on August 8, 2003 found the wellhead was buried and that the soil had not been disturbed.

Respondent's Form H-15 for the Christian Lease, Well No. 1, reports a completion date of March, 1957 and asserts that on July 21, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 2701'. An inspection of the Christian, Lease, Well No. 1, on August 19, 2003 found that the wellhead had not been accessed or manipulated. There were no

obvious wrench marks noted on the wellhead fittings and the casing head had not been recently unearthed to indicate that the operator shot a fluid level. The casing head was loose on the casing and the tubing sub was loose in the casing head. The inspector attempted to shoot a fluid level on the well without success.

Enforcement contends that comparison of the inspection results with the H-15 Forms filed by Meadows, clearly shows that Meadows did not perform sonic surveys for any of the wells on the Haile and Christian Leases on July 20 and 21, 2003 as attested to on the H-15 Forms. Accordingly, Enforcement contends that Meadows committed a separate violation of §91.143 for each of the sixteen H-15 forms filed on August 1, 2003, because respondent knowingly filed false reports of the fluid level tests which were never performed.

Enforcement also argues that Meadows previously was found to have violated Commission Rules and had a Final Order entered against him on March 27, 2003 in Oil & Gas Docket No. 10-0231277: *Enforcement Action for Alleged Violations Committed by Meadows, Cory Lee, Sole Proprietor, C & C Oil Producers, as to the McLaughlin (03771) Lease, Panhandle (Red Cave) Field, Moore County, Texas*. The Final Order found that Meadows had committed several violations of Statewide Rule 8(d)(1). Meadows was ordered to clean-up the unauthorized discharges and pay an administrative penalty of \$16,000.

#### AUTHORITY

Section 91.143(a) of the Texas Natural Resources Code provides, in pertinent part, “A person may not make or subscribe any application, report, or other document required or permitted to be filed with the [Railroad Commission] ... knowing that the application, report, or other document is false or untrue in a material fact ...” Subsection (b) of §91.143 provides that a person commits an offense by violating §91.143 and that an offense is a felony. Subsection (e) of §91.143 authorizes the Commission to impose an administrative penalty of up to \$1,000 for each violation of §91.143.

The filing of a bankruptcy petition triggers an automatic stay of judicial and administrative proceedings against a debtor pursuant to 11 U.S.C. § 362(a). The stay precludes actions to recover on claims that were commenced, or could have been commenced, prior to the bankruptcy filing. There is an exception to the automatic stay for proceedings by governmental units to enforce police or regulatory powers including regulations concerning environmental protection and public safety. Enforcement of judgments under this regulatory power exception is limited to non-money judgments. *See* 11 U.S.C. § 362(b)(4) & (b)(5).

A regulatory agency may generally order compliance with its regulations relating to safety and environmental protection, but may not order payment of damages or a monetary penalty. Although the stay precludes ordering payment of a penalty or collection activities, it does not preclude proceedings to set the

amount of monetary liability for past violations of a governmental unit's regulations. This is often referred to as the "fix but not collect" rule.

### **EXAMINER'S OPINION**

The evidence presented clearly establishes respondent's deliberate violations of Texas Natural Resources Code §91.143. Meadows falsely reported that he had performed sonic surveys in order to determine the fluid level for 16 wells when the physical condition of the wells observed by the Commission's inspectors found that the wells had not been accessed for testing. The examiner agrees that the maximum administrative penalty should be assessed for these violations, but concludes that the maximum administrative penalty is limited to \$1,000 for each violation under Texas Natural Resources Code §91.143.

The facts in this docket show a disturbing pattern of deliberately disregarding the reporting requirements for wells. Further, Texas Natural Resources Code §91.143 specifically authorizes the pursuit of criminal charges for such behavior. The examiner believes that the record in this case established through the Commission inspection reports, photographs and other Commission records, when supported by the testimony of the appropriate Commission personnel, would be of invaluable assistance in the prosecution of respondent under the felony provisions of the statute. Accordingly, the examiner further recommends pursuant to the parallel authority provided in Texas Natural Resources Code §91.143 for criminal prosecution of violations, that the Commission request the appropriate authorities pursue a criminal prosecution against respondent, and that the Commission further direct its staff and personnel be available to assist in the prosecution as necessary.

Finally, due to the bankruptcy, Meadows cannot be ordered to pay administrative penalties. However, the amount of the penalties may be assessed. Accordingly the examiner recommends that the Final Order assess an administrative penalty against respondent in the amount of \$16,000.

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

### **FINDINGS OF FACT**

1. Cory Lee Meadows dba C & C Oil Producers (hereinafter "Meadows" or "respondent") was given at least 10 days notice of this proceeding by certified mail, addressed to the most recent Form P-5 (Organization Report) address. The certified mailing was returned to the Commission as unclaimed. Notice of this proceeding was also provided by certified mail to Donna Christie, Chapter 7 Trustee, Bankruptcy Case No. 03-20159612, South Van Buren Street, Amarillo,



Texas. The certified mailing was signed for and the return receipt acknowledging service was filed with the Commission on December 23, 2003. Respondent did not appear at the hearing scheduled in this case.

2. Respondent filed its most recent Commission Form P-5 with the Commission on December 2, 2002. It identified Cory Meadows, as sole proprietor. Respondent's Organization Report is currently listed as delinquent. Respondent is currently listed as the operator of 125 wells, all of which are inactive. Respondent posted financial assurance in the form of a \$250,000 letter of credit at the time of its last renewal. The Commission has collected on respondent's letter of credit.
3. On September 13, 2003, a Chapter 7 involuntary bankruptcy, Case No. 03-20159 was filed concerning respondent in the United States Bankruptcy Court for the Northern District of Texas, Amarillo Division.
4. Respondent requested to be recognized as the operator of the Haile (00820) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, and 16, (hereinafter "Haile Lease") by filing a Commission Form P-4 (Producer's Transportation Authority and Certificate of Compliance), on August 21, 2001 which was approved by the Commission on September 17, 2001. On September 24, 2003, the Commission recognized North Texas Operating Co., Ltd. as the operator of the Haile Lease.
5. Respondent requested to be recognized as the operator of the Christian, Et al/GPC Fee Unit -E- / (01712) Lease, (hereinafter "Christian Lease") by filing a Commission Form P-4 on October 4, 1999 which was approved by the Commission on December 27, 1999. On September 24, 2003, the Commission recognized North Texas Operating Co., Ltd. as the operator of the Christian Lease.
6. Respondent was sent a notice by certified mail on July 7, 2003 advising respondent that it had failed to file a Commission Form H-15 (Test on An Inactive Well More Than 25 Years Old) reporting the fluid level for each the 15 wells located on the Haile Lease. The notice further advised that if respondent failed to perform the required tests and submit the results to the Commission within 30 days, the certificate of compliance for the Haile Lease would be canceled.
7. Respondent filed a Commission Form H-15 for Well No. 1 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.

- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 1, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3022'.
  - B. An inspection of the Haile Lease, Well No. 1 on August 8, 2003 found the well equipped to produce, however, the sheaves and polish rod were extremely rusty and the well was turned off at the power switch. The wellhead fittings were extremely rusty and had not been disconnected recently. The estimated fluid level acquired by the inspector was 2883'.
8. Respondent filed a Commission Form H-15 for Well No. 2 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 2, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3037'.
  - B. An inspection of the Haile Lease, Well No. 2 on August 8, 2003 found that the wellhead was buried. The inspector excavated the wellhead but was unable to shoot a fluid level because the wellhead was plugged with carbon.
9. Respondent filed a Commission Form H-15 for Well No. 3 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 3, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3045'.
  - B. An inspection of the Haile Lease, Well No. 3 on August 8, 2003 found that the fittings on the wellhead had not been touched and were very rusty indicating that the operator could not have recently shot a fluid level. The inspector could not shoot a fluid level on the well, because piping was too close to concrete cellar and could not be unscrewed.
10. Respondent filed a Commission Form H-15 for Well No. 4 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.

- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 4, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3012'.
- B. An inspection of the Haile Lease, Well No. 4 on August 12, 2003 found that the wellhead had no recent wrench marks on wellhead fittings. The inspector was unable to shoot a fluid level on the well because the flow line had no valve at the wellhead and the orbit valve on the casing was inoperable.
11. Respondent filed a Commission Form H-15 for Well No. 5 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 5, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3026'.
- B. An inspection of the Haile Lease, Well No. 5 on August 8, 2003 found that the wellhead was partially buried, that the wellhead area had not been excavated recently and that no wrench marks or other signs of work were visible on the wellhead. The inspector was unable to shoot a fluid level.
12. Respondent filed a Commission Form H-15 for Well No. 6 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 6, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3018'.
- B. An inspection of the Haile Lease, Well No. 6 on August 8, 2003 found the well equipped to produce, however, the sheaves and polish rod were extremely rusty and the power switch was turned off. Additionally, the bridle that connects the pumping unit to the rod string was missing and the fluid flow line was disconnected from the tubing. The inspector attempted to shoot a fluid level on the well, but was unsuccessful. The fittings at the well had no wrench marks and no excavation was done to access the fittings for removal.
13. Respondent filed a Commission Form H-15 for Well No. 7 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.

- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 7, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3021'.
  - B. An inspection of the Haile Lease, Well No. 7 on August 8, 2003 found the wellhead buried with no excavation to access the fittings for removal. The inspector was unable to shoot a fluid level.
14. Respondent filed a Commission Form H-15 for Well No. 8 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 8, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3018'.
  - B. An inspection of the Haile Lease, Well No. 8 made on August 8, 2003 found that no work had been done at the well. There were no wrench marks on wellhead fittings. The inspector shot a fluid level which estimated the top of fluid level at 2985'.
15. Respondent filed a Commission Form H-15 for Well No. 9 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's Form H-15 for the Haile Lease, Well No. 9, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3036'.
  - B. An inspection of the Haile Lease, Well No. 9 on August 8, 2003 found that no work had been done at the well and there were no wrench marks on wellhead fittings. Additionally, the wellhead was found partially covered with paraffin, which had not been disturbed. The inspector was unable to shoot a fluid level.
16. Respondent filed a Commission Form H-15 for Well No. 10 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 10, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3013'.

- B. An inspection of the Haile Lease, Well No. 10 made on August 8, 2003 found the well equipped for production; however the pumping unit had no electric motor and was not capable of producing. There were no wrench marks on wellhead fittings and there was no valve in the flow line near the wellhead.
17. Respondent filed a Commission Form H-15 for Well No. 11 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 11, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3007'.
- B. An inspection of the Haile Lease, Well No. 11 made on August 8, 2003 found the well equipped to produce, however, the sheaves and polish rod were extremely rusty and the power switch was turned off. There were no wrench marks on wellhead fittings. The inspector shot a fluid level which estimated the top of fluid at 2816'.
18. Respondent filed a Commission Form H-15 for Well No. 12 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 12, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3019'.
- B. An inspection of the Haile Lease, Well No. 12 on August 15, 2003 found no wrench marks on the wellhead fittings. Additionally, the wellhead area was covered with oil and paraffin. The inspector was unable to shoot a fluid level due to the freestanding oil and paraffin.
19. Respondent filed a Commission Form H-15 for Well No. 14 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
- A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 14, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3006'.
- B. An inspection of the Haile Lease, Well No. 14 on August 8, 2003 found no wrench

marks on the wellhead fittings. The inspector was unable to shoot a fluid level because the flow line could not be shut in.

20. Respondent filed a Commission Form H-15 for Well No. 15 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
  - A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 15, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3019'.
  - B. An inspection of the Haile Lease, Well No. 15 on August 8, 2003 found that the wellhead had not been accessed or manipulated. The wellhead was buried and the soil had not been disturbed.
21. Respondent filed a Commission Form H-15 for Well No. 16 on the Haile Lease on August 1, 2003, with knowledge that the information reported was false.
  - A. Respondent's August 1, 2003 Form H-15 for the Haile Lease, Well No. 16, reports a completion date of September, 1936 and asserts that on July 20, 2003, respondent conducted a sonic survey which measured the top of the fluid level in the wellbore at a depth of 3022'.
  - B. An inspection of the Haile Lease, Well No. 16 on August 8, 2003 found that the wellhead had not been accessed or manipulated. The wellhead was buried and the soil had not been disturbed.
22. Respondent was sent a notice by certified mail on July 7, 2003 advising respondent that it had failed to file a Commission Form H-15 reporting the fluid level for the Well No. 1 on the Christian Lease. The notice further advised that if respondent failed to perform the required test and submit the results to the Commission within 30 days, the certificate of compliance for the Christian Lease would be canceled.
23. Respondent filed a Commission Form H-15 for Well No. 1 on the Christian Lease on August 1, 2003, with knowledge that the information reported was false.
  - A. Respondent's Form H-15 for the Christian Lease, Well No. 1, reports a completion date of March, 1957 and asserts that on July 21, 2003, respondent conducted

a sonic survey which measured the top of the fluid level in the wellbore at a depth of 2701'.

- B. An inspection of the Christian Lease, Well No. 1, on August 19, 2003 found that the wellhead had not been accessed or manipulated. There were no obvious wrench marks noted on the wellhead fittings and the casing head had not been recently unearthed to indicate that the operator shot a fluid level. The casing head was loose on the casing and the tubing sub was loose in the casing head. The inspector attempted to shoot a fluid level on the well without success.

#### CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to the appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. Respondent was the operator of the subject wells on the Haile and Christian Leases, as defined by Statewide Rule 14 and Section 89.002 of the Texas Natural Resources Code and is a person as defined by Commission Statewide Rule 79 and Chapters 85 and 89 of the Texas Natural Resources Code.
4. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 1 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
5. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 2 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
6. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 3 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well. 7. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 4 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
8. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 5 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.

9. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 6 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
10. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 7 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
11. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 8 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
12. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 9 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
13. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 10 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
14. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 11 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
15. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 12 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
16. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 14 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
17. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 15 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.
18. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 16 on the Haile Lease which falsely reported that a sonic survey had been performed on July 20, 2003 to determine the fluid level in the well.



19. Respondent violated Texas Natural Resources Code §91.143, by filing on August 1, 2003, a Commission Form H-15 for Well No. 1 on the Christian Lease which falsely reported that a sonic survey had been performed on July 21, 2003 to determine the fluid level in the well.

**RECOMMENDATION**

The examiner recommends that the above findings and conclusions be adopted and the attached order approved, assessing an administrative penalty in the amount of SIXTEEN THOUSAND DOLLARS (\$16,000.00) against Cory Meadows doing business as C & C Oil Producers.

Respectfully submitted,

Mark J. Helmueller  
Hearings Examiner