

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
OIL AND GAS SECTION**

OIL AND GAS DOCKET NO. 10-0236241

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY CORY LEE MEADOWS D/B/A C&C OIL PRODUCERS (119962), AS TO THE HAILE (00820) LEASE, WELL NOS. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 AND 16, PANHANDLE HUTCHINSON COUNTY FIELD, AND THE CHRISTIAN, ETAL/GPC FEE UNIT -E- (01712) LEASE, WELL NO. 1, PANHANDLE HUTCHINSON COUNTY FIELD, HUTCHINSON COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on February 5, 2004, and that the respondent, Cory Lee Meadows d/b/a C&C Oil Producers (119962), failed to appear or respond to the notice. Pursuant to § 1.49 of the Commission's General Rules of Practice and Procedure [Tex. R. R. Comm'n, 16 TEX. ADMIN. CODE § 1.49] and after being duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. Cory Lee Meadows d/b/a C&C Oil Producers (119962), ("Respondent") was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent P-5 address on the Form P-5 Organization Report, which was returned to the Commission marked "unclaimed."
2. The returned certified receipt containing the Original Complaint and the Notice of Opportunity for Hearing was returned to the Commission marked "unclaimed" on January 13, 2004. The certified receipt has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. Cory Lee Meadows, as sole proprietor, was a person in a position of ownership or control of respondent, as defined by Texas Natural Resource Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
4. The violations of Commission rules committed by respondent are related to safety and the control of pollution.

5. Respondent designated itself to the Commission as the operator of Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 and 16 on the Haile (00820) Lease and Well No. 1 on the Christian, Etal/GPC Fee Unit -E- (01712) Lease ("subject wells"/"subject leases") by filing Form P-4's (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on August 1, 2001 for the Haile (00820) Lease, and September 1, 2001 for the Christian, Etal/GPC Fee Unit -E- (01712) Lease.
6. According to Commission records the Respondent's Form P-5 (Organization Report) became delinquent on September 1, 2003. Respondent had a \$250,000 Letter of Credit as its Financial Assurance at the time of its last Form P-5 renewal.
7. Commission Form(s) P-1, (Producer's Monthly Report of Oil Wells) filed by Respondent with the Commission (reflecting zero production) from the effective date Respondent became 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, August 1, 2001, through September 2002, show that the Haile (00820) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 and 16, have been inactive for a period greater than one year. Commission Form(s) P-1, filed by Respondent with the Commission reflecting less than 10 barrels per month from October 2002 through June 2003, less than the production required pursuant to 16 TEX. ADIM. CODE §3.14(a)(1)(A) to bring a well back to "active operation", show that the Haile (00820) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 and 16, have remained inactive. Commission Form(s) P-1, filed with the Commission by North Texas Operating Co., Ltd., the successor operator to Respondent of the Haile (00820) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14 15 and 16, reflect zero production for July, 2003 and August 2003.
8. Commission records indicate that on July 7, 2003, the Commission sent Respondent notice by certified mail that Respondent had failed to file for the Haile (00820) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 and 16, Commission Form(s) H-15 (Test On An Inactive Well More Than 25 Years Old) as required.
9. On August 1, 2003, Respondent filed Commission Forms H-15 (Tests On An Inactive Well More Than 25 Years Old), reporting that the Haile (00820) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 and 16 all had a completion date of September 1936. On July 20, 2003 Respondent conducted sonic surveys of such wells. The results for each well are as follows:

Well No. 1: The top of the fluid level in the wellbore was measured at a depth of 3022'. A Commission district office inspection report of the Haile (00820) Lease, Well No. 1 made on August 8, 2003 indicated the inspector found the well equipped to produce; however, the sheaves and polish rod were extremely rusty and the well was off at the power switch. The well was listed as tested on the W-10. The wellhead had not been touched with no obvious signs of wrench marks to indicate that a fluid level was shot. The wellhead fittings were extremely rusty and had not been disconnected recently. The estimated fluid level acquired by the inspector was 2883'.

Well No. 2: The top of the fluid level in the wellbore was measured at a depth of 3037'. A Commission district office inspection of the Haile (00820) Lease, Well No. 2 made on August 8, 2003 indicated the inspector found 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. The inspector attempted a fluid level but it was inconclusive.

Well No. 3: The top of the fluid level in the wellbore was measured at a depth of 3045'. A Commission district office inspection report of the Haile (00820) Lease, Well No. 3 made on August 8, 2003 indicated the inspector found 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 attempted to shoot a fluid level on the well; however, due to the wellhead configuration (piping was too close to concrete cellar and could not be unscrewed) the attempt was unsuccessful.

Well No. 4: The top of the fluid level in the wellbore was measured at a depth of 3012'. A Commission district office inspection of the Haile (00820) Lease, Well No. 4 made on August 12, 2003 indicated 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.

Well No. 5: The top of the fluid level in the wellbore was measured at a depth of 3026'. A Commission district office inspection of the Haile (00820) Lease, Well No. 5 made on August 8, 2003 indicated the inspector found the wellhead partially buried and 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.

Well No. 6: The top of the fluid level in the wellbore was measured at a depth of 3018'. A Commission district office inspection report for the Haile (00820) Lease, Well No. 6 made on August 8, 2003 indicated the well was equipped to produce; however, the sheaves and polish rod were extremely rusty and the well was off at the power switch. Additionally, the bridle that connects the pumping unit to the rod string was missing and the fluid flow line had been disconnected from the tubing. Commission staff attempted to shoot a fluid level on the well, but were unsuccessful. The flow line connected to the wellhead had no valve near the well. The inspection report further states that the fittings at the well had no wrench marks and no excavation had been done to access the fittings for removal.

Well No. 7: The top of the fluid level in the wellbore was measured at a depth of 3021'. A Commission district office inspection of the Haile (00820) Lease, Well No. 7, made on August 8, 2003 indicated the inspector found the wellhead buried and that the fittings at the well had no wrench marks and no excavation had been done to access the fittings for removal. The inspector was unable to shoot a fluid level.

Well No. 8: The top of the fluid level in the wellbore was measured at a depth of 3018'. A Commission district office inspection for the Haile (00820) Lease, Well No. 8 made on August 8, 2003 indicated the inspector found no work had been done at the well. There were no wrench marks on wellhead fittings. The inspector shot a fluid level on this well. The estimated fluid level is at 2985'.

Well No. 9: The top of the fluid level in the wellbore was measured at a depth of 3036'. A Commission district office inspection for the Haile (00820) Lease, Well No. 9 made on August 8, 2003 indicated the inspector 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.

Well No. 10: The top of the of the fluid level in the wellbore was measured at a depth of 3013'. A Commission district office inspection for the Haile (00820) Lease, Well No. 10 made on August 8, 2003 indicated the inspector found Well No. 10 had production equipment; however, the pumping unit had no electric motor and was not capable of producing. Inspection reports indicate that no work had been done at the well. There were no wrench marks on wellhead fittings and there was no valve in the flow line near the wellhead.

Well No. 11: The top of the fluid level in the wellbore was measured at a depth of 3007'. A Commission district office inspection for the Haile (00820) Lease, Well No. 11 made on August 8, 2003 indicated the inspector found Well No. 11 equipped to produce; however, the sheaves and polish rod were extremely rusty and the well was off at the power switch. Inspection reports indicate that no work had been done at the well. There were no wrench marks on wellhead fittings. Commission staff shot a fluid level on this well. The estimated fluid level is at 2816'.

Well No. 12: The top of the fluid level in the wellbore was measured at a depth of 3019'. A Commission district office inspection for the Haile (00820) Lease, Well No. 12 made on August 15, 2003 indicated the inspector found no wrench marks on the wellhead fittings. Additionally, the report states that the wellhead area was covered with oil and paraffin. The inspector was unable to shot a fluid level because of freestanding oil and paraffin at the well.

Well No. 14: The top of the fluid level in the wellbore was measured at a depth of 3006'. A Commission district office inspection for the Haile (00820) Lease, Well No. 14 made on August 8, 2003 indicated the inspector 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.

Well No. 15: The top of the fluid level in the wellbore was measured at a depth of 3019'. A Commission district office inspection for the Haile (00820) Lease, Well No. 15 made on August 8, 2003 indicated the inspector found the wellhead buried and the soil had not been disturbed. The inspector was unable to shoot a fluid level because the wellhead and flow lines were buried.

Well No. 16: The top of the fluid level in the wellbore was measured at a depth of 3022'. A Commission district office inspection for the Haile (00820) Lease, Well No. 16 made on August 8, 2003 indicated the inspector found the wellhead buried and the soil had not been disturbed. Since the wellhead was buried, the inspector was unable to locate the flow line valve to shoot a fluid level.

10. The Commission inspections of the Haile (00820) Lease on August 8, 2003, August 12, 2003 and August 15, 2003 revealed that the sonic survey tests of Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, and 16 submitted to the Commission on Commission Form H-15 by Respondent on August 1, 2003 could not have been conducted on or after August 1, 2003. By submitting Commission Form H-15's reporting Respondent conducted sonic surveys of Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 and 16 on the Haile (00820) Lease, Respondent knowingly submitted forms containing information which was false or untrue in a material fact thereby violating TEX. NAT. RES. CODE ANN. §91.143(a)(1).
11. Commission Forms P-1 (Producer's Monthly Report of Oil Wells) filed by Respondent with the Commission (reflecting zero production) from September 1, 2001, the effective date Respondent became operator of the Christian, Etal/GPC Fee Unit -E- (01712) Lease, Well No. 1, has been inactive for a period greater than one year. Commission Forms P-1 (Producer's Monthly Report of Oil Wells) filed with the Commission by North Texas Operating Co., Ltd., successor operator to Respondent of the Christian, Etal/GPC Fee Unit -E- (01712) Lease, Well No. 1, also reflect zero production for July 2003 and August 2003. Commission records indicate production from the subject well ceased on or before October 1, 1995.
12. Commission records indicate that on July 7, 2003, the Commission sent Respondent notice by certified mail that Respondent had failed to file for the Christian, Etal/GPC Fee Unit -E- (01712) Lease, Well No. 1, Commission Form(s) H-15 (Test On An Inactive Well More Than 25 Years Old) as required.
13. On August 1, 2003 Respondent filed a Commission Form H-15 (Test On An Inactive Well More Than 25 Years Old) reporting that the Christian, Etal/GPC Fee Unit -E- (01712) Lease, Well No. 1 had a completion date of March 1957, and that on July 21, 2003 Respondent conducted a sonic survey of such well and that the top of the fluid level in the wellbore was measured at a depth of 2701'. A Commission district office inspection for the Christian, Etal/GPC Fee Unit -E- (01712) Lease, Well No. 1, made on August 19, 2003 indicated the inspector found 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.
14. The Commission inspection of the Christian, Etal/GPC Fee Unit -E- (01712) Lease on August 19, 2003 revealed that the sonic survey test of Well No. 1 submitted to the Commission on Commission Form H-15 by Respondent on August 1, 2003 could not have been conducted on or after August 1, 2003. By submitting a Commission Form H-15 reporting Respondent conducted a sonic survey of Well No. 1, Christian, Etal/GPC Fee Unit -E- (01712) Lease, Respondent knowingly submitted a form containing information which was false or untrue in a material fact thereby violating TEX. NAT. RES. CODE ANN. §91.143(a)(1).
15. Respondent has not demonstrated good faith since it failed to plug or otherwise place the subject leases and subject wells in compliance with Commission rules after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.

16. Respondent has a history of Commission rule violations including the following docket(s):
Docket No. 10-0231277; Final Order Served: March 27, 2003.

CONCLUSIONS OF LAW

1. Proper notice was issued by the Railroad Commission to respondent and to all other appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this hearing have been performed or have occurred.
3. Respondent is in violation of Tex. Nat. Res. Code §91.143.
4. As a person in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, Cory Lee Meadows, and any other organization in which he may hold a position of ownership or control, shall be subject to the restrictions of Texas Natural Resource 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.
5. Respondent is responsible for maintaining the subject leases in compliance with all applicable Commission rules and for properly plugging the subject wells according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91 of the Texas Natural Resources Code.
6. The documented violations committed by the respondent constitute acts deemed serious, a hazard to the public health, and demonstrate a lack of good faith pursuant to TEX. NAT. RES. CODE ANN. §81.0531(c) (Vernon 2001).

IT IS ORDERED THAT within 30 days from the day immediately following the date this order becomes final:

1. Cory Lee Meadows d/b/a C&C Oil Producers (119962), shall plug Haile (00820) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, and 16, and the Christian, Etal/GPC Fee Unit -E- (01712) Lease, Well No. 1, Panhandle Hutchinson County Field, Hutchinson County, Texas in compliance with applicable Commission rules and regulations; and
2. Cory Lee Meadows d/b/a C&C Oil Producers (119962), shall assess to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **EIGHTEEN THOUSAND FIVE HUNDRED DOLLARS (\$18,500.00)**.

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 actually mailed. If a timely motion for rehearing is filed by any party at 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 order is served on the parties.

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 11th day of May 2004.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated May 11, 2004)

MH/sa