

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 7B-0311715

ENFORCEMENT ACTION AGAINST CHAN WEST OIL CORPORATION
(OPERATOR NO. 144179) FOR VIOLATION OF STATEWIDE RULE ON THE
STRAUSS (26996) LEASE, WELL NO. 1, TAYLOR COUNTY REGULAR FIELD,
TAYLOR COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that statutory notice of the captioned enforcement proceeding was provided pursuant to Commission rules, and that the respondent, Chan West Oil Corporation, failed to appear or respond to the **Notice of Opportunity for Hearing**. Pursuant to § 1.25 of the Commission's General Rules of Practice and Procedure, 16 Texas Administrative Code § 1.25, and after being duly submitted to the Commission at a Conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. Chan West Oil Corporation ("Respondent"), Operator No. 144179, was sent the Original Complaint and Notice of Opportunity for Hearing by certified and first-class mail, addressed to the most recent Commission Form P-5 (Organization Report) ("Form P-5") address.
2. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent was returned to the Commission unopened on January 8, 2019. The first-class mail envelope addressed to Respondent was returned to the Commission on January 7, 2019. Record of the delivery and return of certified mail has been on file with the Commission for more than 15 days, exclusive of the day of receipt and day of issuance. Respondent was given more than a 30 day notice of the Original Complaint and Notice of Opportunity for Hearing. Respondent has not entered into an agreed settlement order, filed an answer, or requested a hearing.
3. On August 1, 2017, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officer consists of the following individual: Akram Chaudhary, President, Vice President and Secretary.
4. Respondent's Form P-5 is delinquent. Respondent had a \$50,000.00 cash deposit as its financial assurance at the time of the last Form P-5 annual renewal submission.
5. Respondent designated itself to the Commission as the operator of the Strauss (26996) Lease, Well No. 1, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective February 1, 1997, approved March 6, 1997.

6. Commission inspection reports made on December 21, 2017, February 20, 2018, April 4, 2018, May 15, 2018, August 1, 2018 and December 12, 2018 for the Strauss (26996) Lease show that the sign or identification required to be posted at the lease entrance was missing.
7. The lack of legible sign and identification displaying correct information, as set forth in Statewide Rule 3(1), may cause confusion as to the responsible operator to be contacted and the actual location of a violation or emergency, which can result in delays in remedying a violation or emergency.
8. The Respondent charged with the violation herein recited has the following history of violations of Commission rules: Oil & Gas Docket No. 7B-0262402; Oil & Gas Docket No. 7B-0270492; and Oil & Gas Docket No. 7B-0307972.

CONCLUSIONS OF LAW

1. Proper notice was issued by the Commission to Respondent and all other appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties have been performed or have occurred.
3. Respondent is responsible for maintaining the subject lease in compliance with all applicable Commission rules and Texas Natural Resources Code, Chapters 89 and 91.
4. Respondent is in violation of Statewide Rule 3(1). 16 Texas Administrative Code § 3.3(1).
5. The documented violation committed by Respondent constitutes an act deemed serious, and a hazard to the public health, and demonstrates a lack of good faith pursuant to Texas Natural Resources Code § 81.0531(c).
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 3(1), which requires that a sign be posted at the principal entrance to each lease which shows the name by which the property is commonly known and is carried on the records of the commission, the name of the operator, and the number of acres in the property.
7. Pursuant to Texas Natural Resources Code § 81.0531, the Commission may assess administrative penalties against Respondent for the subject violations of up to \$10,000 per day for each violation, with each day such violations continued constituting a separate violation.
8. An assessed administrative penalty in the amount of **FOUR THOUSAND DOLLARS (\$4,000.00)** is justified considering the facts and violation at issue.
9. Respondent violated Commission rules related to safety and the control of pollution. Any other organization in which an officer of this organization may hold a position of ownership or control, is subject to the restriction in Texas Natural Resources Code § 91.114(a)(2).

ORDERING PROVISIONS

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

1. Chan West Oil Corporation (Operator No. 144179) shall place the Strauss (26996) Lease, Well No. 1, in compliance with Statewide Rule 3(1), and any other applicable Commission rules and statutes.
2. Chan West Oil Corporation (Operator No. 144179) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FOUR THOUSAND DOLLARS (\$4,000.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the order is signed, unless the time for filing a motion for rehearing has been extended under Texas Government Code § 2001.142, by agreement under Texas Government Code § 2001.147, or by written Commission order issued pursuant to Texas Government Code § 2001.146(e). 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 Texas Government 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 100 days from the date the Commission order is signed.

Any other organization in which an officer of this organization holds a position of ownership or control at the time Respondent violated Commission rules related to safety and the control of pollution, **shall be subject to the restriction in Texas Natural Resource 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 until 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.

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 per day per violation.

Done this 26th day of February 2019.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated February 26, 2019)