

RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

HEARINGS SECTION

OIL AND GAS DOCKET NO. 7B-0235956

ENFORCEMENT ACTION AGAINST LOCH ENERGY, INC FOR VIOLATIONS OF STATEWIDE RULES ON ITS SNYDER 117 A LEASE, WELL NO. 2, (PERMIT NO. 0516163) AND SNYDER 117 B LEASE, WELL NO. 3, (PERMIT NO. 0517116) LEASES, CALLAHAN COUNTY, TEXAS.

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceedings were heard by the examiner on April 8, 2004 and May 20, 2004. The examiner has 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 90 days from the day immediately following the date this order becomes final that Loch Energy Inc. shall:

- 1) plug Well No. 2 on the Snyder 117 A Lease (Permit No. 516163);
- 2) plug Well No. 3 on the Snyder 117 B Lease (Permit No. 517116);
- 3) bring the reserve pit area associated with drilling operations for Well No. 2 on the ~~Snyder~~ 117 A Lease into compliance with Commission Rules; and
- 4) pay an administrative penalty of **SIX THOUSAND DOLLARS (\$6,000)**.

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 3 days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest within such 20-day period after the party's presumed notice, this order shall not become final until such motion is overruled, or if rehearing 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 in accordance with TEX. GOV'T CODE §2001.144.

It is further **ORDERED** that, Peter Wang, Gemme Grooms, Kenneth D. Howard, Stephen Brents, Douglas Ashworth, and Patrick Ashworth, and any organization in which any of them 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.

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 August, 2004, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN VICTOR G. CARRILLO

COMMISSIONER CHARLES R. MATTHEWS

COMMISSIONER MICHAEL L. WILLIAMS

ATTEST:

SECRETARY