

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

OIL AND GAS DOCKET NO. 04-0231602

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY NEIL W. HINZE D/B/A CONTINENTAL OPERATING COMPANY (173750), AS TO THE TREVINO LEASE, WELL NO. 1 (402316), WILDCAT FIELD, WEBB COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on February 19, 2004, and that the respondent, Neil W. Hinze d/b/a Continental Operating Company (173750), 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. Neil W. Hinze d/b/a Continental Operating Company (173750), ("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 signed and returned to the Commission.
2. The returned certified receipt (green card) that was attached to the First Amended Original Complaint and the Notice of Opportunity for Hearing was signed and returned to the Commission on November 20, 2003. The certified receipt has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. Respondent designated itself to the Commission as the operator of Well No. 1 (402316) on the Trevino Lease ("subject well"/"subject lease") by filing a Form W-1 (Application to Drill, Deepen, Plug Back or Re-Enter) with the Commission on August 13, 1992.
4. According to Commission records the Respondent's Form P-5 (Organization Report) became inactive on September 15, 1997. Respondent paid a fee of \$1,500.00 as its Financial Assurance at the time of its last Form P-5 renewal.
5. The subject well was plugged on October 3, 2002.
6. Commission district office inspections were conducted on October 2, 2002 and October 3, 2002 for the Trevino Lease. Well No. 1 (402316) has been plugged, but Respondent has not filed the required Plugging Report (Form W-3).

7. The Respondent has not demonstrated good faith since it failed to otherwise place the subject lease in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.

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 Commission Statewide Rule 16(a).
4. Respondent is responsible for maintaining the subject lease in compliance with Rule 16(a), which requires that the owner or operator of an oil, gas or geothermal resource well, within thirty days after the completion of such well or the plugging of such well, if the well is a dry hole, shall file with the Commission the appropriate completion or plugging report.
5. Respondent is responsible for maintaining the subject lease in compliance with all applicable Commission rules 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. Neil W. Hinze d/b/a Continental Operating Company (173750), shall place the Trevino Lease, Well No. 1 (402316), Wildcat Field, Webb County, Texas in compliance with applicable Commission rules and regulations; and
2. Neil W. Hinze d/b/a Continental Operating Company (173750), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FIVE HUNDRED DOLLARS (\$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 23rd day of April 2004.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated April 23, 2004)

MH/sa