

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

OIL AND GAS DOCKET NO. 09-0250720

ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY FAMILY OILFIELD INVESTMENTS LTD. (261278), AS TO THE W.F. GEORGE (14708) LEASE, WELL NOS. 6, 7, 9, 11, 12, 34, 36, 37 AND 38, WICHITA COUNTY REGULAR FIELD, WICHITA COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on May 3, 2007, and that the respondent, Family Oilfield Investments Ltd. (261278), 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. Family Oilfield Investments Ltd. (261278), ("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 Original Complaint and the Notice of Opportunity for Hearing was signed and returned to the Commission on April 2, 2007. The returned certified receipt (green card) that was attached to the Original Complaint and the Notice of Opportunity for Hearing, sent to the President; Robert T. Benz, at the current address listed, was signed and returned on April 3, 2007. The certified receipts have been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. Robert T. Benz, 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. 6, 7, 9, 11, 12, 34, 36, 37 and 38 on the W.F. George (14708) Lease ("subject wells"/"subject lease") by filing a Form P-4 (Producer's Transportation Authority and Certificate of Compliance) with the Commission effective on February 2, 2002.
6. According to Commission records the Respondent's Form P-5 (Organization Report) is active. Respondent has a \$50,000.00 Letter of Credit as its Financial Assurance.
7. Commission records reflect that on August 19, 1998, the Commission gave Respondent notice by certified mail of the alleged facts or conduct of the Respondent in the operation, or production, of oil or gas from the W.F. George (14708) Lease, that appeared to violate the oil and gas conservation laws of this state, or rules or orders of the Commission adopted under those laws, warranting the cancellation of the certificate of compliance for the lease and providing the Respondent the opportunity to show compliance with all requirements of law for retention of the certificate of compliance.
8. Commission records reflect that Respondent did not timely show compliance with all requirements of law for retention of the certificate of compliance and, as a result, the certificate of compliance for the W.F. George (14708) Lease, was cancelled, and Respondent given notice of such cancellation, on October 7, 1998.
9. Production reports filed by Respondent with the Commission for the W.F. George (14708) Lease, for the month of September 2006, show Respondent produced an approximate total of 124 barrels of oil, with 131 barrels of oil on hand at the end of the month, from the W.F. George (14708) Lease, after the certificate of compliance had been cancelled and before a new certificate of compliance had been issued.
10. Respondent, as operator of the W.F. George (14708) Lease, filed or caused to be filed with the Commission, a corrected Form PR for the subject lease, which Form PR erroneously reported no monthly oil production for the month of September, 2006, with 7 barrels of oil on hand at the end of the month. Respondent also filed or caused to be filed with the Commission, Form PR for the lease for the month of October, 2006, reporting no monthly oil production and 7 barrels of oil on hand at the end of the month. Further, Respondent filed or caused to be filed with the Commission, Form PR for the lease for the month of November, 2006, reporting 38 barrels of monthly oil production and 5 barrels on hand at the end of the month.
11. On the occasion of a Commission District office inspection of the W.F. George (14708) Lease, on November 22, 2006, 226 barrels of oil were in storage at the Tank Battery. The inspection further indicated that no wells on the lease were actively pumping.
12. Respondent knowingly submitted erroneous Commission Forms PR for the W.F. George (14708) Lease for at least the months of September, October and November, 2006.
13. The respondent has not demonstrated good faith since it failed to 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 Statewide Rules 73(i) and Tex. Nat. Res. Code Ann. § 91.143.
4. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 73(i), which makes it unlawful for an operator of wells to produce oil, gas, or geothermal resources from the wells after notice from the Commission has been provided to the operator that the certificate of compliance for the wells has been cancelled and before a new certificate of compliance with respect to the wells has been issued by the Commission.
5. Respondent violated Tex. Nat. Res. Code §91.143, by filing with the Commission Forms PR knowing that the forms were false or untrue in a material fact.
6. 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, Robert T. Benz, 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.
7. 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.
8. 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).

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

1. Family Oilfield Investments Ltd. (261278), shall place the W.F. George (14708) Lease, Well Nos. 6, 7, 9, 11, 12, 34, 36, 37 and 38, Wichita County Regular Field, Wichita County, Texas in compliance with applicable Commission rules and regulations; and
2. Family Oilfield Investments Ltd. (261278), shall pay the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TWO THOUSAND DOLLARS (\$2,000.00)**.

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 13th day of June 2007.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master Order dated June 13, 2007)

JD/sa