

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0295581

THE ENFORCEMENT ACTION AGAINST PROEX ENERGY MANAGEMENT, LLC (OPERATOR NO. 681057) FOR VIOLATIONS OF THE CONDITIONS OF DRILLING PERMITS FOR THE YOUNG LEASE, WELL NO. 1 (PERMIT NO. 787053) AND WELL NO. 2 (PERMIT NO. 787183), FAIRFIELD FIELD, MEDINA COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on July 23, 2015 and that the respondent, Proex Energy Management, LLC (Operator No. 681057), failed to appear or respond to the Notice of Opportunity for Hearing. 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. Proex Energy Management, LLC (Operator No. 681057), ("Respondent"), was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The certified envelope containing the Original Complaint and the Notice of Opportunity for Hearing, was signed for on June 25 2015. The electronic receipt is included in the file and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On September 15, 2014, Respondent, a Limited Liability Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Ronald James Abercrombie, Manager.
4. Ronald James Abercrombie, was in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
5. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
6. Respondent designated itself to the Commission as the operator of the Young Lease, Well No. 1 (Permit No. 787053) by filing an Application for Permit to Drill (Commission Form W-1), received May 14, 2014 and issued June 13, 2014. Respondent designated itself as the operator of the Young Lease, Well No. 2 (Permit No. 787183), by filing an Application for Permit to Drill (Commission Form W-1), received May 15, 2014, issued June 13, 2014.
7. Respondent's P-5 (Organization Report) is currently active and has a \$50,000.00 bond as its financial assurance.
8. Pursuant to the Conditions of Drilling Permit No. 787053 for Well No. 1 and Drilling Permit No. 787183 for Well No. 2 of the Young Lease, Respondent is required to call in notification to the appropriate district office a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing and

production casing.

8. A Commission District inspection conducted on October 15, 2014 of the Young Lease, Well No. 1 (Permit No. 787053), and Well No. 2 (Permit No. 787183), showed all wells had been cemented and were pumping. A review of Commission records reveals that the Respondent failed to call in notification to the San Antonio District Office prior to setting surface casing in both of the subject wells.
9. Respondent has no prior history of violations of Commission rules.

CONCLUSIONS OF LAW

1. Respondent is in violation of terms and conditions of the Conditions of Drilling Permit Nos. 787053 and 787183.
2. Respondent is responsible for insuring that the Commission is able to witness the casing job and ensure that usable water zones are properly isolated from possible pollution.

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

1. Proex Energy Management, LLC (Operator No. 681057), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **TEN THOUSAND DOLLARS (\$10,000.00)**.

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 parties are notified of the order.

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 3rd day of November 2015.
LMV/rnf

RAILROAD COMMISSION OF TEXAS
(Signatures affixed by Default Master Order
dated November 3, 2015)