RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL & GAS DOCKET NO. 09-0244293

ENFORCEMENT ACTION AGAINST DONALD D. MCCALLUM, SOLE PROPRIETOR
(OPTIONAL NO. 538761), FOR VIOLATIONS OF STATEWIDE RULES ON THE
WAGGONER, W.T., ESTATE (O6712) LEASE, WELL NOS. 1, 3, 5, 9, 11, 12, 14, 15, 16 & 18,
WILBARGER COUNTY REGULAR FIELD, WILBARGER COUNTY; WAGGONER-
WATSON (19865) LEASE, WELL NOS. 1 & 2, WILBARGER COUNTY REGULAR FIELD,
WILBARGER COUNTY; AND FELDMAN “A” (23291) LEASE, WELL NOS. 1 & 2,
WILBARGER COUNTY REGULAR FIELD, WILBARGER COUNTY, TEXAS.

FINAL ORDER

The Commission finds that after statutory notice the captioned enforcement proceeding was
heard by an examiner and there has been 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 30 days from the day immediately following the
date this order becomes final:

1. Donald D. McCallum shall remit to the Railroad Commission of Texas, for disposition as
provided by law, an administrative penalty in the amount of THIRTY-THREE
THOUSAND AND SEVEN HUNDRED AND FIFTY DOLLARS ($33,750.00).

It is further ORDERED that Donald D. McCallum, and any organization in which he 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.

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 of 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.

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 10th day of January, 2012, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

Chairman

Chairman Elizabeth Ames Jones

Commissioner David Porter

Commissioner Barry T. Smith

Attest:

Kathy Way

Secretary