

**BEFORE THE
OIL & GAS COMMISSION**

ENVIRONMENTAL OIL COMPANY, :

Appellant, :

-vs- :

DIVISION OF MINERAL RESOURCES :
MANAGEMENT, :

Appellee. :

Appeal No. 824

Review of Chief's Order 2010-15

**ORDER OF THE
COMMISSION ADOPTING
CONSENT DECISION**

Appearances: Raymond & Alice Bauman, on behalf of Appellant Environmental Oil Company; Molly Corey, Assistant Attorney General, Counsel for Appellee Division of Mineral Resources Management.

The Oil & Gas Commission has received and reviewed the parties' Consent Agreement and finds it well taken. Accordingly, the Commission hereby **ADOPTS** the Consent Agreement. There being no outstanding issues of law or fact, the Commission hereby **DISMISSES** appeal no. 824.

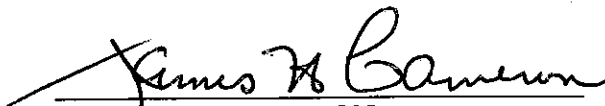
Date Issued: August 16, 2010



ROBERT W. CHASE, Acting Chair

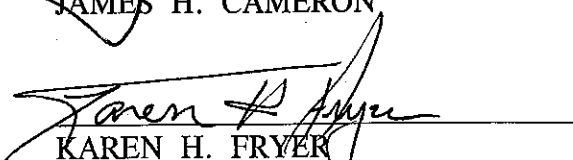


TIMOTHY C. McNUTT, Secretary



JAMES H. CAMERON

M. HOWARD PETRICOFF, Chairman



KAREN H. FRYER

DISTRIBUTION:

Raymond & Alice Bauman (Via Regular Mail)
Molly Corey (Via Inter-Office Mail)

BEFORE THE
OIL AND GAS COMMISSION
STATE OF OHIO

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AUG 16 2010

OIL & GAS COMMISSION

ENVIRONMENTAL OIL COMPANY,,

Appellant,

Appeal of No. 824

v.

Review of Chief's Order
No. 2010-15

DIVISION OF MINERAL
RESOURCES MANAGEMENT,

Appellee.

CONSENT AGREEMENT

Now come the parties, Appellant, Environmental Oil Company ("Environmental Oil"), and Appellee, Division of Mineral Resources Management ("Division"), in order to settle the presently pending administrative proceeding captioned Environmental Oil Company v. Division of Mineral Resources Management, case number 824, stipulate to the following facts and conditions:

FACTS:

1. Environmental Oil is a "person" as that term is defined in R.C. 1509.01(T) and the "owner," as that term is defined in R.C. 1509.01(K), of the following oil and gas wells in the State of Ohio:

<u>WELL NAME & NO.</u>	<u>PERMIT NO.</u>	<u>COUNTY</u>	<u>TOWNSHIP</u>
DeRolph No. 3	4990	Perry	Hopewell
Cooperrider No. 5	4989	Perry	Hopewell

2. On June 26, 2007, the Division found that the Cooperrider No. 5 Well (Permit 4989) was not producing oil or gas in commercial quantities. It was also found that said well was not legibly identified as required by Ohio law. The Division issued Notice of Violation (NOV) 2061375938 on November 4, 2009, to Environmental Oil, requiring the well be placed into production or plugged, as well as properly identified, by December 7, 2009. Subsequent inspections by the Division on December 10, 2009, January 4, 2010, and January 5, 2010, found the well legibly identified, but still not producing oil or gas in commercial quantities. Subsequent inspections by the Division on December 10, 2009, January 4, 2010, and January 5, 2010, found the Cooperrider No. 5 Well still not legibly identified, and still not producing oil or gas in commercial quantities.

3. On November 4, 2009, the Division found that the DeRolph No. 3 Well (Permit 4990) was not producing oil or gas in commercial quantities. It was also found that said well was not legibly identified as required by Ohio law. The Division issued Notice of Violation (NOV) 1000575332 on November 4, 2009, to Environmental Oil, requiring the well be placed into production or plugged, as well as properly identified, by December 7, 2009. Subsequent inspections by the Division on December 10, 2009, January 4, 2010, and January 5, 2010, found the DeRolph No. 3 Well legibly identified, but still not producing oil or gas in commercial quantities.

4. On May 5, 2010, the Division issued Order By the Chief No. 2010-15 to Environmental Oil. The Order required Environmental Oil take one of the following steps at both the Cooperrider No. 5 Well and the DeRolph No. 3 Well: (A) place the wells into production within ten (10) days of receipt of the Order; (B) transfer the wells

into a properly bonded company within ten (10) days of receipt of the Order; or (C) properly plug and abandon the wells within thirty (30) days of receipt of the Order.

5. Chief's Order No. 2010-15 was received by Environmental Oil on May 11, 2010.

6. Environmental Oil appealed the issuance of Chief's Order No. 2010-15 to the Ohio Oil and Gas Commission ("Commission") on June 4, 2010.

AGREED COMPLIANCE SCHEDULE:

7. By **December 1, 2010**, Environmental oil shall plug, commercially produce, or transfer to a registered well owner the **Cooperrider No. 5 Well**. Any action chosen by Environmental Oil must be in accordance with R.C. Chapter 1509 and Ohio Adm. Code 1501:9. To meet the standard of commercial production, the well, in accordance with Division approval, must be fitted with equipment that is used for the recovery and sale of oil and gas; the well must be hooked up with a gas meter; tanks; separator; gathering, sales, and/or production lines; and other required equipment; and the well must include a sales point for any natural gas. As soon as Environmental Oil reserves a rig or equipment to plug or rework the well, Environmental Oil will contact Robert Stonerock, Oil and Gas Program Field Supervisor, and provide him with the name of the service rig company and/or equipment operator. Commercial production specifically excludes swab production of oil and domestic use of natural gas. Failure to comply with this deadline will result in a \$1,000.00 penalty. Environmental Oil Co. will pay an additional \$1,000.00 penalty for every 30-day period or part of a 30-day period

during which the **Cooperrider # 5 well** remains in violation of R.C. Chapter 1509 or Ohio Adm. Code 1501:9.

8. By **December 1, 2010**, Environmental oil shall plug, commercially produce, or transfer to a registered well owner the **DeRolph No. 3 Well**. Any action chosen by Environmental Oil must be in accordance with R.C. Chapter 1509 and Ohio Adm. Code 1501:9. To meet the standard of commercial production, the well, in accordance with Division approval, must be fitted with equipment that is used for the recovery and sale of oil and gas; the well must be hooked up with a gas meter; tanks; separator; gathering, sales, and/or production lines; and other required equipment; and the well must include a sales point for any natural gas. As soon as Environmental Oil reserves a rig or equipment to plug or rework the well, Environmental Oil will contact Robert Stonerock, Oil and Gas Program Field Supervisor, and provide him with the name of the service rig company and/or equipment operator. Commercial production specifically excludes swab production of oil and domestic use of natural gas. Failure to comply with this deadline will result in a \$1,000.00 penalty. Environmental Oil Co. will pay an additional \$1,000.00 penalty for every 30-day period or part of a 30-day period during which the **DeRolph No. 3 Well** remains in violation of R.C. Chapter 1509 or Ohio Adm. Code 1501:9.

9. Each well plugged pursuant to this agreement shall be reclaimed within six (6) months of the completion of plugging in accordance with R.C. 1509.072(B).

10. All work on the well sites will be performed in a prudent and workmanlike manner and in compliance with the requirements of R.C. Chapter 1509 and Ohio Admin. Code Chapter 1501:9. If the original vegetation planted pursuant to reclamation requirements does not grow, additional planting will be performed until the well sites are in compliance.

11. Any penalty incurred for paragraphs 7 and 8 of this Consent Agreement shall be paid by certified check or cashier's check, payable to the order of Treasurer, State of Ohio, and delivered to counsel for the Division, Assistant Attorney General Molly S. Corey, Ohio Attorney General's Office, 2045 Morse Road, Building D-2, Columbus, Ohio 43229.

PRESERVATION OF RIGHTS:

12. Nothing in this Consent Agreement shall be construed so as to prejudice the right of the Division to issue other decisions and orders to enforce the provisions of R.C. Chapter 1509 and Ohio Admin. Code Chapter 1501:9, including the seeking of civil penalties for the failure to comply with this consent agreement.

13. Nothing in this Consent Agreement shall be construed to contradict the oil and gas laws of the State of Ohio.

14. Any payment required herein shall not be construed as a valuation of any civil penalty and the Division reserves the right to seek civil penalties if a breach of the Consent Agreement occurs.

15. The Division reserves all rights to enforce R.C. Chapter 1509 and Ohio Admin. Code Chapter 1501:9, including but not limited to the right to file a civil

enforcement action seeking injunctive relief and civil penalty for noncompliance with this Consent Agreement.

16. Appeal No. 824 is dismissed with prejudice.

IN WITNESS WHEREFORE, The parties hereby acknowledge that they have read and understood the terms and conditions of this Consent Agreement and with full awareness of the legal consequences, make a voluntary, knowing, and intelligent commitment, and intend to be fully bound thereby.

AGREED:

Alice G. Bauman
Alice Bauman
President, Environmental Oil Company
PO Box 495
Thornville, Ohio 43097-0495

8-6-2010
Date

John Husted
John Husted, Chief
Division of Mineral Resources Mgmt.
2045 Morse Road, H-3
Columbus, OH 43229

8-13-10
Date

Molly S. Corey
Molly S. Corey (0079287)
Assistant Attorney General
2045 Morse Road, D-2
Columbus, OH 43229

8/16/10
Date

Counsel for Division of Mineral Resources Management