

JAN 24 2002

BEFORE THE

Attorney General
Environmental Enforcement

OIL & GAS COMMISSION

C & M GAS AND OIL,

Case No. 699

Appellant,

Review of Chief's Order 2001-6

-vs-

DIVISION OF MINERAL RESOURCES
MANAGEMENT,

**ORDER DISMISSING
APPEAL AS MOOT**

Appellee.

Appearances: Mike Moore, Robert E. Sherry, on behalf of Appellant C & M Gas and Oil; Ray Studer, Assistant Attorney General, Counsel for Appellee Division of Mineral Resources Management.

On February 7, 2001, Appellant C & M Gas and Oil filed with the Oil & Gas Commission a notice of appeal from Chief's Order 2001-6. Said Chief's Order required the forfeiture of bond filed in support of two oil and gas wells.

On August 24, 2001, Appellee Division filed a Motion to Dismiss Appeal Due to Mootness. Therein, the Division states that the wells associated with the bond at issue were transferred from C & M to another entity and that the bonds at issue have been released. Thus, this appeal no longer addresses a matter in controversy. Appellant did not respond to this Motion. Upon request of the Commission, the Division provided written indication that the Division does not intend to hold C & M responsible for: (1) putting the non-compliant wells into production, (2) plugging the wells, or (3) forfeiting the bond. (See November 12, 2001 letter from Deputy Chief Thomas Tugend, attached as Attachment A.)

C & M Gas and Oil
Appeal # 699

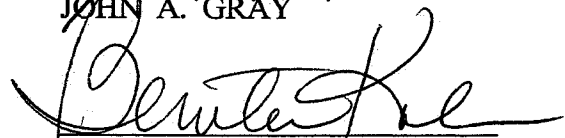
With the assurances of the Division as contained in the November 12, 2001 letter, the Oil & Gas Commission **FINDS** the Division's Motion well-taken. The Commission hereby **GRANTS** Appellee's Motion and **DISMISSES** appeal no. 699, with prejudice.

Date Issued: 1/18/02


WILLIAM J. TAYLOR, Chairman


JOHN A. GRAY


JAMES H. CAMERON


BENITA KAHN, Secretary


MARILYN ENNIS

INSTRUCTIONS FOR APPEAL

This decision may be appealed to the Court of Common Pleas for Franklin County, within thirty days of your receipt of this decision, in accordance with Ohio Revised Code §1509.37.

DISTRIBUTION:

Mike Moore / Robert E. Sherry
Certified Mail # 7000 0600 0028 2174 1585 & Regular Mail

Raymond Studer
Inter-Office Certified Mail #: 5748

ATTACHMENT A

Letter of T. Tugend, dated 11/12/01



Ohio Department of Natural Resources

BOB TAFT, GOVERNOR

SAMUEL W. SPECK, DIRECTOR

Division of Mineral Resources Management

Michael L. Sponsler, Chief

1855 Fountain Square Court – Bldg. H-2

Columbus, OH 43224-1383

Phone: (614) 265-6633 Fax: (614) 265-7999

November 12, 2001

RECEIVED

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Mr. Raymond Studer
Assistant Attorney General
1930 Belcher Drive, D-2
Columbus, Ohio 43224-1387

**OIL AND GAS
COMMISSION**

RE: Chief's Order 2001-6 Bond Forfeiture – C & M Gas and Oil
Dear Mr. Studer:

The following outlines the current status of the above. I apologize for the delay in responding to you and Linda Osterman on this issue.

Order 2001-6 was issued on 1-16-01 and subsequently appealed.

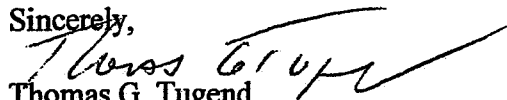
After issuance of the Order, I was in communication with the principals of C & M and their representative in order to have all wells under C & M transferred to a responsible well owner in Ohio. In April of 2001, all wells under Owner # 6733 – C & M Gas and Oil were transferred to Valley Enterprises, a bonded well owner in good standing in Ohio. On May 1, 2001 the Division returned the Certificate of Deposit on file for C & M gas and Oil Enterprises to the issuing bank at the request of the C & M principals. Upon release of the CD, the Division cancelled the owner # for C & M (6733) as they had no continuing liability for oil/gas wells in Ohio.

In that we had no substantive environmental problems at the C & M Enterprises well sites and Valley Enterprises was knowingly receiving the wells "as is", the Division did not wish to continue holding C & M responsible for either putting the non-compliant wells in production or plugging of the wells (nor forfeiting the bond) - that responsibility transferred to Valley Enterprises.

In summary, the principals of C & M were not "oil people". After they acquired the wells in question, they realized the responsibilities assumed were more than they were able to manage. Transfer of the wells to a responsible party was the best option and once done, the Division was satisfied C & M had demonstrated reasonable compliance with ORC 1509 and OAC 1501 (although somewhat belatedly).

Our enforcement files for C & M gas and Oil have been closed.

Sincerely,


Thomas G. Tugend
Deputy Chief

cc. Linda Osterman