

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

**OIL AND GAS DOCKET
NO. 01-0271975**

**IN THE DERBY (GLEN ROSE H2S
DISPOSAL) FIELD, FRIO COUNTY,
TEXAS**

**AMENDED FINAL ORDER
APPROVING THE APPLICATION OF TEXSTAR MIDSTREAM UTILITY, LP
FOR INJECTION OF FLUIDS CONTAINING HYDROGEN SULFIDE
PURSUANT TO STATEWIDE RULES 9 AND 36 IN THE
LANCASTER AGI LEASE, WELL NO. 1
DERBY (GLEN ROSE H2S DISPOSAL) FIELD
FRIO COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on September 1, 2011, the presiding examiner has made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiner's report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact, except 7c, and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein. The Commission adopts the following additional and substitute Findings of Fact:

Substitute Finding of Fact No. 7c:

The well has 13 3/8" surface casing set at 3,342 feet that is cemented to the surface. The well has 7 5/8" long string casing set at 9,890 feet that is cemented up to a DV Tool at 3,819 feet. From the DV Tool, the 7 5/8" long string casing is cemented up to 2,920 feet.

Additional Finding of Fact No. 18:

On January 17, 2012, the hearing was re-opened for the limited purpose of receiving evidence regarding the actual configuration of casing and cement in the well.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that a new field designation known as the Derby (Glen Rose H2S Disposal) Field (No. 24366 400) Frio County, Texas, is hereby approved for the Lancaster AGI Lease, Well No. 1.

It is further **ORDERED** by the Railroad Commission of Texas that Texstar Midstream Utility, LP is hereby authorized to dispose of fluids containing hydrogen sulfide into its Lancaster AGI Lease, Well No. 1, Derby (Glen Rose H2S Disposal) Field, Frio County, Texas, pursuant to Statewide Rule 36(c)(10)(A).

It is further **ORDERED** by the Railroad Commission of Texas that Texstar Midstream Utility, LP is hereby authorized to conduct disposal operations in the Lancaster AGI Lease, Well No. 1, Derby (Glen Rose H2S Disposal) Field, Frio County, Texas, subject to the following terms and conditions:

SPECIAL CONDITIONS:

1. Waste shall only be injected into strata in the subsurface interval between 8,400 feet and 9,850 feet.
2. The injection volume shall not exceed 3,500 MCF of acid gas per day.
3. The maximum operating surface injection pressure shall not exceed 4,200 psig.
4. Before injection operations can begin, Texstar Midstream Utility, LP must have an approved contingency plan.
5. Texstar Midstream Utility, LP must perform annual casing integrity pressure tests and weekly monitoring of the casing tubing annulus.

STANDARD CONDITIONS:

1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.
2. The District Office must be notified 48 hours prior to:
 - a. running tubing and setting packer;
 - b. beginning any workover or remedial operation;
 - c. conducting any required pressure tests or surveys.
3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
4. Prior to beginning injection, and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.

5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin Office.
6. Within 30 days after completion, conversion to disposal, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed in duplicate with the District Office to show the current completion status of the well. The date of the disposal well permit and the permit number must be included on the new Form W-2 or G-1.
7. Written notice of intent to transfer the permit to another operator must be submitted to the Commission at least 15 days prior to the date the transfer will occur by filing Form P-4.
8. This permit will expire when the Form W-3, Plugging Record, is filed with the Commission.
9. That the well be identified and operated according to Permit Number 13404 AMENDED.

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and disposal operation must be stopped until the fluid migration from such strata is eliminated. The special permit conditions may be modified after notice and opportunity for hearing to prevent migration of injection fluid from the approved strata.

Done this 7th day of February, 2012.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
February 7, 2012)**