

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 7B-0278212**

**IN THE PALO PINTO COUNTY
REGULAR FIELD, PALO PINTO
COUNTY, TEXAS**

**FINAL ORDER
DENYING THE APPLICATION OF L R OPERATING CO. FOR COMMERCIAL
DISPOSAL AUTHORITY PURSUANT TO STATEWIDE RULE 9 FOR THE
J B RAGLE LEASE, WELL NO. 5
PALO PINTO COUNTY REGULAR FIELD
PALO PINTO COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 28, 2012, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record; 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 examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own Findings of Fact Nos. 1 and 2, and Conclusions of Law Nos. 1 and 2, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein. The Commission expressly declines to adopt proposed Findings of Fact Nos. 3 through 6 and proposed Conclusions of Law Nos. 3 and 4. The Commission adopts the following substitute Findings of Fact and Conclusions of Law:

Substitute Findings of Fact:

3. The proposed injection into the J B Ragle Lease, Well No. 5, will not adequately protect useable-quality groundwater or surface water.
 - a. The Commission Groundwater Advisory Unit recommends that usable-quality groundwater be protected to a depth of 200 feet below the land surface.
 - b. The well has 8 5/8" surface casing set at 212 feet that is cemented to the surface with 150 sacks of cement.

- c. The top of the useable source of drinking water ("USDW") is at 575 feet.
- d. There is poor cement bond from 715 feet to 832 feet leaving only 108 feet of good cement above the disposal interval.
- e. There is one Ellenburger formation producing well located within the one-quarter mile radius of review and there are two producing and two plugged wells in other deeper formations located within the one-half mile radius of review for the proposed disposal well. None of the wells have cement across the proposed disposal interval or the USDW.
- f. The proposed disposal well is only 300 feet from a tributary of the Brazos River and poses an unacceptable risk to surface water.

Substitute Conclusions of Law:

- 3. L R Operating Co. Failed to prove that the Well No. 5, as proposed, would adequately protect surface and ground water.
- 4. L R Operating Co. has not met its burden of proof and its application does not satisfy the requirements of Chapter 27 of the Texas Water Code and the Railroad Commission's Statewide Rule 9.

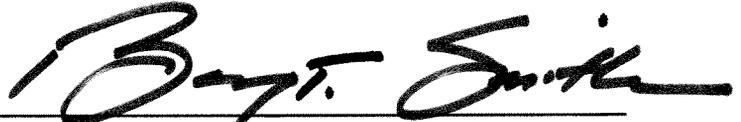
Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of L R Operating Co. for commercial disposal authority pursuant to Statewide Rule 9 for the J B Ragle Lease, Well No. 5, Palo Pinto County Regular Field, Palo Pinto County, Texas, is hereby **DENIED**.

Each exception to the examiners' 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.

This order will 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 order is served on the parties.

Done this 7th day of May, 2013.

RAILROAD COMMISSION OF TEXAS



CHAIRMAN BARRY T. SMITHERMAN

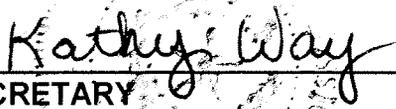


COMMISSIONER DAVID PORTER



COMMISSIONER CHRISTI CRADDICK

ATTEST:


SECRETARY