

**OFFICIAL MINUTES
RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTION
FEBRUARY 10, 2004**

Pursuant to lawful notice, the Commission held an open meeting at 1701 N. Congress Avenue, in Room 1-111, Austin, Texas, on the 10th day of February 2004, commencing at 9:30 a.m. Chairman Victor G. Carrillo and Commissioners Charles R. Matthews and Michael L. Williams were present. Chairman Carrillo presided.

- I. The Commission began consideration of matters falling within the Railroad Commission's Gas Services regulatory jurisdiction.
 - A. The Commission considered Gas Utilities Docket No. 9400, the Statement of Intent filed by TXU Gas Company to change rates in the company's statewide gas utility system. On motion of Commissioner Williams, seconded by Chairman Carrillo, the Commission approved (2-1) the order as presented reflecting the Commission's decision from January 23, 2004 regarding rate case expense reimbursement, with no additional modifications. Commissioner Matthews voted no. The Commission approved (3-0) the form of the Surety Bond for bonded rates in the areas over which the Commission exercises original jurisdiction. This action was recommended by Examiner Gene Montes.

- II. The Commission began consideration of matters falling within the Railroad Commission's Surface Mining regulatory jurisdiction.
 - A. The Commission considered Docket No C3-0016-SC-42-B, the request by Dos Republicas Resources Co., Inc. for extension of time to commence surface mining and reclamation operations for its Permit No. 42, Eagle Pass Mine in Maverick County, Texas. The Commission heard comments from Mr. Enrique Valdivia, representing the Kickapoo Traditional Tribe and from Mr. John Soule, representing Theodosia Coppock. The Commission heard comments from Mr. Ches Blevins representing Dos Republicas. Examiner Marcy Spraggins recommended the Commission approve the extension of time. Commissioner Williams made a motion to deny the examiner's recommendation. The motion failed for lack of a second. On motion of Commissioner Matthews, seconded by Chairman Carrillo, the Commission approved the request by Dos Republicas for an extension of time to commence mining operations. Commissioner Williams voted no.

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III. The Commission began consideration of matters falling within the Railroad Commission's Oil and Gas regulatory jurisdiction.

A. The Commission took the following action on applications appearing on the protested docket of the Oil and Gas Division:

1. The Commission considered Docket No. 01-0234480, the application of Klaeger Services, Inc. for an exception to Statewide Rule 21 pertaining to Fire Prevention and Swabbing of the Taylor-Ina Lease, Various Wells, Taylor-Ina (88534001) Field, Medina County, Texas. On motion of Commissioner Matthews, seconded by Chairman Carrillo, the Commission voted (2-1) to approve the application. Commissioner Williams voted no. Approval was recommended by Examiner Mark Helmueller.
2. The Commission considered Docket Nos. 01-0234811 and 01-0234812, the consolidated applications of J.H. Klaeger for exceptions to Statewide Rule 21 to allow production by swabbing, bailing, or jetting of various wells on the Hutzler "A" (03665) and Hutzler "C" (05883) Leases, Taylor-Ina Field, Medina County, Texas. On motion of Commissioner Matthews, seconded by Chairman Carrillo, the Commission voted (2-1) to approve the consolidated applications. Commissioner Williams voted no. Approval was recommended by Examiner Mark Helmueller.
3. The Commission considered the motion for rehearing filed in Docket No. 03-0235020, the enforcement action against Core E & P Corp., for violations of statewide rules on the Steele-Schmucker Unit O/A (09019) Lease, Well No. 3h, Stowell (Stewart U-3)(86429559) Field, Steele-Schmucker Unit O/A (21460) Lease, Well No. 3f, Stowell (Schmucker)(86429533) Field, Koch, T.F. NCT-1 (110352) Lease, Well No. 4, Stowell (Englin-Marg)(86429130) Field, Jefferson County, Texas. The Commission heard comments from Mr. Brian T. McLaughlin representing Keith Hahn, Susana Hahn and Cathy Guerra, former officers and directors of Core E & P Corporation. On motion of Commissioner Williams, seconded by Commissioner Matthews, the Commission voted (3-0) to deny the motion for rehearing.
4. The Commission deferred consideration of Docket 03-0233911, regarding the complaint of Jimmie Luecke concerning the pooled units designated by Browning Oil Company, Inc., for the Jennifer-Medusa Unit, Well No.1 and the Weyand-Hays Unit, Well No. 1, Giddings (Austin Chalk-3)(34733500) Field, Fayette County, Texas. The Commission will consider oral arguments regarding this matter at the next conference.

B. The Commission approved items on the Oil and Gas Unprotested Consent Agenda and the Agreed Order Agenda.

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- IV. The Commission began consideration of matters authorized by law including the administration, budget, procedures and personnel of the following divisions as presented by the division director or other authorized personnel.
- A. Oil and Gas: Director Rich Varela
1. The Commission granted authority for staff to solicit bids and award a State-funded plugging contract for requisition No. 455-5-1055 for five wells in Harris and Brazoria Counties for an estimated value of \$107,600.
 2. The Commission granted authority for staff to extend the termination date of the Red/Canadian Salt Water Minimization Project, Contract No. 582-1-41370, to extend the termination date to August 31, 2004, for reporting purposes.
 3. The Commission granted authority for staff to solicit bids and award a State-funded plugging contract for requisition No. 455-5-1067 for 218 wells in Bexar County, Texas for an estimated value of \$278,500.
 4. The Commission granted authority for staff to award and revise the value of the State-funded plugging extended services contract No. 455-4-0722, from \$149,100 to \$150,330.80 for eight wells in Jasper County, Texas.
 5. The Commission heard a presentation from staff regarding information on (1) the permitting of disposal wells in Wise County and (2) recently implemented procedures for administrative processing of shallow, high-volume injection.
- B. Office of General Counsel: General Counsel Lindil Fowler and Deputy General Counsel Polly McDonald
1. The Commission authorized additional changes to be included in amendments to 16 Tex. Admin. Code §1.201 relating to Time Periods for Processing Applications and Issuing Permits Administratively. A formal rule amendment proposal will be presented at the next conference.
- V. With no further business to come before the Commission at this time, the conference was adjourned at 11:25 a.m.

Kim Williamson
Secretary

