

**OFFICIAL MINUTES
RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTION
MARCH 23, 2004**

Pursuant to lawful notice, the Commission held an open meeting at 1701 N. Congress Avenue, in Room 1-111, Austin, Texas, on the 23rd day of March 2004, commencing at 9:30 a.m. Chairman Victor G. Carrillo and Commissioners Charles R. Matthews and Michael L. Williams were present. Commissioner Williams presided at the request of Chairman Carrillo who had lost his voice.

- I. The Commission convened for the purpose of conducting the monthly Oil and Gas Statewide Hearing. The Commission approved and signed the order setting the lawful market demand for the month of April 2004.
- II. Before commencing with consideration of items on the regularly posted agenda, the Commission presented certificates and pins to Commission employees in recognition of their length of service. Commissioner Williams also recognized Mr. Kenny Walton for his suggestion submitted to the State Employee Incentive Program. Mr. Walton recommended eliminating the mailing of direct deposit remittance copies to all agency vendors and is a cost savings to the agency.
- III. The Commission began consideration of matters falling within the Railroad Commission's Gas Services Division regulatory jurisdiction.
 - A. Regarding 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, the Commission considered the joint motion for Commission determination of the effective date filed by the Aligned Coalition of Cities, the Alliance of TXU Municipalities and the City of Dallas. The Commission approved the proposed order establishing May 25, 2004 as the jurisdictional deadline in this case. Additionally, the Commission ordered that all issues related to rate case expenses for this proceeding be severed and that a new docket be established for consideration of the rate case issues. This action was recommended by Examiner Gene Montes.
- IV. The Commission began consideration of matters falling within the Railroad Commission's Surface Mining Division regulatory jurisdiction.

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- A. In consideration of Docket No. C3-0016-SC-42-B, the Commission denied the motions for rehearing filed regarding the Commission Order dated February 11, 2003, granting an extension of time to commence surface coal mining operations at Dos Republicas Resource Company, Inc.'s Eagle Pass Mine, Maverick County, Texas. Denial of the motions for rehearing was recommended by Examiner Marcy J. Spraggins.
 - B. In consideration of Docket No. C1-0008-SC-00-A, regarding the application for a surface coal mining and reclamation permit for the Twin Oak Mine by TXU Mining Company LP, Robertson County, Texas, TXU's request for a variable from marking requirements for pipelines within the permit area was denied. The Commission approved TXU's request for variances to allow certain activities within the 100-foot buffer zones of the following public road rights of way (but not within the rights-of-way): FM 2993 and Robertson County Road 448 (Wasik Road). This matter was presented by Examiner Marcy J. Spraggins.
 - C. In consideration of Docket No. C1-0008-SC-00-D, the Commission accepted the reclamation performance bond in the amount of \$16 million dollars and approved the issuance of Permit No. 49 for the TXU Mining Company LP, Twin Oak Mine, Robertson County, Texas. Approval was recommended by Examiner Marcy J. Spraggins.
- V. 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. In consideration of Docket No. 7C-0236633, the application of Anadarko E&P Company LP to amend field rules for the Davidson Ranch (Penn. 7890) Field, in Crockett County, Texas, on motion of Chairman Carrillo, the Commission deferred this matter to the next conference for the purpose of hearing oral arguments. This matter was presented by Examiner Donna Chandler.
 - 2. In consideration of Docket No. 10-0237648, regarding the Commission-called hearing on the application of Questa Energy corporation to supercede the final order issued January 11, 2000, in Docket No. 10-0221408, Hodges Lease, Well No. 1-39, Hodges (Morrow, Middle) Field, Roberts County, Texas, the Commission superceded the order and approved the Form P-4 filed by Questa to change the operator of the Hodges Lease, Well No. 1-39 from Deep Reef Industries to Questa Energy Corporation. This action was recommended by Examiner James Doherty.

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3. In consideration of Docket No. 01-0237692, the application of Nutek Oil, Inc., to supercede the final order issued July 9, 2002, in Docket No. 01-0230486, Laskowski -B- Lease, Well No. 1, Pruske (Buda) Field, Wilson County, Texas, the Commission voted to supercede the previous order and approved the Form P-4 filed by Nutek Oil, Inc., to change the operator of the Laskowski -B- (08378) Lease, Well No.1 from T.N. Thomas Oil Company to Nutek Oil, Inc. This action was recommended by Examiner James Doherty.
 4. The Commission considered Docket No. 8A-0-234890, the motion for rehearing filed in the application of Key Energy Services, Inc., PBD to dispose of oil and gas waste by injection into a reservoir productive of oil or gas, Dasani Lease, Well No. 1, Seminole, Southwest (Devonian) Field, Gaines County, Texas. The Commission heard comments from Mr. George Neale representing McDonald Operating. The Commission denied the motion for rehearing as recommended by Examiner Margaret Allen.
 5. In consideration of Docket No. 01-0235660, the enforcement action against Aminex USA, Inc., for alleged violations of Statewide Rules on the Haidee Gerhardt (03365) Lease, Well Nos. 1, 2A, 3, 5, 7, 8, 10, 11, 12, 13, 15, 16, 17, and 18, Somerset Field, Bexar County, Texas, the Commission voted (2-1) and ordered Aminex to pay an administrative penalty in the amount of \$1,000. Commissioner Williamson voted no. This matter was presented by Examiner Mark Helmueller.
 6. In consideration of Docket No. 08-0235632, the Commission denied the motion for rehearing filed in the enforcement action against Patterson Water Disposal, Inc. (643394), as to the Dickinson, Edward et al., (31121) Lease, Well No. 2D, Fort Stockton (Seven Rivers) Field, Pecos County, Texas. Denial of the motion for rehearing was recommended by Examiner James Doherty.
- B. The Commission took action on applications appearing on the Oil and Gas Unprotected Consent Agenda, Agreed Enforcement Orders, and Master Default Orders.
- C. Rules Notebook: Deputy General Counsel Mary Ross McDonald
1. The Commission adopted amendments to 16 Tex. Admin. Code §3.80 (Statewide Rule 80), relating to Commission Forms, Applications and Filing Requirements.
 2. The Commission adopted without change new 16 Tex. Admin. Code §§20.601-20.602, relating to staff training and education.

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- VI. 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. Executive Office: Deputy Executive Director Kathy Pyka
 - 1. The Commission approved (2-1) the request to make changes to the Commission's Measures and Measure Definitions in the FY 2003-2007 Strategic Plan. Commissioner Matthews voted no.

 - B. Surface Mining: Director Melvin Hodgkiss
 - 1. The Commission voted (2-1) to approve the contract award for the Year 2004 AML Revegetation and Erosion Control Project. Commissioner Williams voted no.
 - 2. The Commission voted (2-1) to approve the contract award for the Buena Suerta Mining District/Chianti State Natural Area AML Reclamation Project. Commissioner Williams voted no.

 - C. Gas Services: Director Steve Pitner
 - 1. The Commission approved circulation for informal comment of draft rule amendments and new rules to implement new Texas Utilities Code §104.301, Interim Adjustment for Changes in Investment, enacted by Senate Bill 1271, 78th Legislature (2003), Regular Session.

 - D. Oil and Gas: Director Rich Varela
 - 1. The Commission deferred until the next conference, discussion of enhanced enforcement efforts to improve the success of the overall enforcement and collection process.

 - E. General Counsel Lindil Fowler
 - 1. The Commission received a report on the status of pending Commission rulemakings.

 - F. Commissioner's Notebook: Chairman Carrillo
 - 1. The Commission approved and signed a letter to Occidental Energy Ventures Corp. supporting their LNG receiving terminal and pipeline in San Patricio County, Texas.
 - 2. The Commission approved and executed a well plugging Interagency Cooperation Contract between the Railroad Commission of Texas and the General Land Office.

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- VII. With no further business to come before the Commission at this time, the conference was adjourned at 10:55 a.m.

Kim Williamson
Secretary