

**RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTION
AUGUST 24, 2004**

Pursuant to lawful notice, the Commission held an open meeting at 1701 N. Congress Avenue, in Room 1-111, Austin, Texas, on the 24th day of August 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. 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.
- II. 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 September 2004.
- III. The Commission began consideration of matters falling within the Railroad Commission's Safety Division regulatory jurisdiction.
 - A. In consideration of Rail Docket 003766ZZCL, the Commission approved the application of BP Amoco Polymers, Inc. to deviate from the terms of the Railroad Clearance Statute at its chemical plant located in Deer Park, Texas. Approval was recommended by Examiner Nigel Gusdorf.
- IV. The Commission began consideration of matters falling within the Railroad Commission's Gas Services Division regulatory jurisdiction.
 - A. In consideration of Gas Utilities Docket No. 9528, the Statement of Intent filed by Centerpoint Energy Entex to change rates in the environs of Conroe, Texas, the Commission voted (3-0) to suspend the proposed rates for a period of 150 days from the date the rates would otherwise go into effect. Suspension was recommended by Examiner Michelle Lingo.
- 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:

OFFICIAL MINUTES – AUGUST 24, 2004

1. In consideration of Docket No. 0237175, the application of Sunday Corporation for an exception to Statewide Rule 37 for the Barrow Lease, Well No. 1, Ellu (Holt) (28544500) Field, Wildcat (00018001) Field, Ector County, Texas, Examiner Jim Doherty recommended the Commission grant the exception. The Commission heard comments from Mr. John Soule, representing Devon Energy Production Company, LP, and Mr. James Bostic, representing Sunday Corporation. On motion of Chairman Carrillo, with a second by Commissioner Williams, the Commission voted (2-1) to grant the exception. Commissioner Matthews voted no.
 2. The Commission deferred consideration of Docket No. 06-0235018, the application of Stonewall Production Company, Inc., for an exception to Statewide Rule 38(d)(3) for the Barbee Paluxy Unit, Chapel Hill (17008001) Field, Smith County, Texas. Chairman Carrillo announced that this case would be considered at the next conference.
- B. The Commission took action on applications appearing on the Oil and Gas Unprotested Consent Agenda, Agreed Enforcement Orders, and Master Default Orders.
- 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. On motion of Commissioner Matthews, seconded by Commissioner Williams, the Commission voted (3-0) to approve the Fiscal Year 2004 Operating Budget Amendment as proposed.
- B. Information Technology Services: Director Bowden Hight
1. The Commission considered the request to approve Fiscal Year 2005 Contract Renewals for contractor positions to be used to support the Oil and Gas Migration project. The Commission deferred further consideration of this matter until later in the day to obtain additional information.
 2. The Commission approved requesting a waiver of Article IX, Section 9-6.23 of the General Appropriations Act for data center operations from the Legislative Budget Board for FY 2005.
- C. Alternative Fuels Research and Education Division: Director Dan Kelly
1. The Commission authorized increasing the amount of each forklift distributor grant from \$200 to \$500 keeping the same cap of \$165,000 for the year.

OFFICIAL MINUTES – AUGUST 24, 2004

- D. Oil and Gas: Director Rich Varela
 - 1. The Commission approved a Purchase Order Change Notice to amend the contract amount for State-Funded Plugging Extended Service Contract, Requisition No. 455-5-1767, from \$93,072 to \$105,000.
- E. General Counsel Lindil Fowler
 - 1. The Commission received a status report on pending rulemaking proceedings.
- VII. At 10:40 a.m., the Commission recessed until 1:30 p.m. at which time the Commission would reconvene in the 12th floor executive conference room.
- VIII. At 1:30 p.m., the Commission reconvened in the 12th floor executive conference room to continue consideration of matters authorized by law.
 - A. Information Technology Services: Director Bowden Hight
 - 1. The Commission received additional information and a presentation by Deputy Executive Director Kathy Pyka and then continued discussion regarding Fiscal Year 2005 Contract Renewals for contractor positions to be used to support the Oil and Gas Migration project. On motion of Commissioner Williams, with a second by Chairman Carrillo, the Commission voted (2-1) to approve the contract renewals as proposed. Commissioner Matthews voted no.
- IX. With no further business to come before the Commission at this time, the conference was adjourned at 2:35 p.m.