

**RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTION
OCTOBER 22, 2004**

Pursuant to lawful notice, the Commission held an open meeting at 1701 N. Congress Avenue, in Room 1-111, Austin, Texas, on the 22nd day of October 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 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 November 2004.
- II. 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. 0236671, the Commission signed an order approved at the previous conference dismissing with prejudice the application of Camden Resources, Inc. for exception to SWR 37 for the Casas Lease, Well No. 1, Rosita, E. (Wilcox Cons.) (78336700) Field, Duval County, Texas. The order was presented by Examiner Jim Doherty.
 2. In consideration of Docket No. 04-0239461, the Commission approved the application of Brigham Oil & Gas, L.P. to consolidate the Hall-Shelly (No. 2 Sand)(38218500) Field, Home Run (Lower Vicksburg 7)(42403245) Field, Home Run (Lower Vicksburg)(42403240) Field, Brooks County, Texas. Approval was recommended by Examiner Margaret Allen.

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3. The Commission considered Docket No. 06-0239253, regarding the hearing to show cause why Wendell A. Reeder should not be fined for noncompliance with the Commission's final order entered in Oil and Gas Docket No. 06-0233608 on October, 31, 2003, relating to the illegal perforation of the Forest Hill (Sub-Clarksville) Field, by his Forest Hill (Harris Sand) Unit (04778) Lease, Well No. 116, Wood County, Texas. The Commission ordered Wendell A. Reeder to pay an administrative penalty in the amount of \$1,000 within 30 days from the day immediately following the date this order becomes final. This action was recommended by Examiner Mark Helmueller.
- B. The Commission took action on applications appearing on the Oil and Gas Unprotested Consent Agenda, Agreed Enforcement Orders, and Master Default Orders.
 - C. Rules Notebook: Deputy General Counsel Polly McDonald
 1. The Commission considered the repeal of Pipeline Safety Rules in Texas Administrative Code, Title 16, Chapter 7 and New Rules and Amendments of Existing Rules in Texas Administrative Code, Title 16, Chapter 8, to Update, Organize the Pipeline Safety Rules and Include Penalty Guidelines as Required by Senate Bill 310 (77th Legislature). Commissioner Matthews proposed to prepare some alternate language. On motion of Commissioner Williams, the Commission deferred this matter to the next conference on November 4, 2004.
- III. 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. Internal Auditor Tony Renzi
 1. The Commission approved the annual report on the Commission's internal audit activity and the individual internal audit reports prepared during the past year for transmittal to the Governor's Office, the State Auditor's Office, the Legislative Budget Board and the Sunset Advisory Commission by November 1, 2004.
 - B. Oil and Gas: Director Rich Varela
 1. The Commission approved plugging with state funds, State Funded Plugging Code 10-14040 Pan Resources, Inc. (638477), Whittenburg -A- Lease (00934), Well Nos. 1, 2, 3, 4, 5, 6, 10, 11, 12, 13, 14, 15, 16, 17,18 and 19, Panhandle Hutchinson County Field (68887-001), Hutchinson County, Texas for an estimated cost of \$112,000.

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2. The Commission authorized the award and revision of the contract value on Extended Services Contract, Requisition No. 455-5-0296, which includes seven wells in Jefferson County, Texas. The original estimated value was \$71,900 and the revised value is \$123,048.
3. The Commission approved the Memorandum of Understanding between the Louisiana Department of Natural Resources Office of Conservation and the Oil and Gas Division of the Railroad Commission regarding reciprocal notification to Louisiana and Texas prior to certain oil and gas activity near the state boundary.

C. General Counsel Lindil Fowler:

1. The Commission received a report on the status of pending Commission rulemakings.

- IV. With no further business to come before the Commission at this time, the conference was adjourned at 10:20 a.m.