

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 08-0291954**

**IN THE SPRABERRY (TREND AREA)  
FIELD, MIDLAND COUNTY, TEXAS**

**FINAL ORDER  
APPROVING THE APPLICATION OF RUGER PROPERTIES, LLC,  
PURSUANT TO STATEWIDE RULE 9 FOR A COMMERCIAL PERMIT TO DISPOSE  
OF OIL AND GAS WASTE BY INJECTION INTO A POROUS FORMATION NOT  
PRODUCTIVE OF OIL OR GAS, PEGGY SWD LEASE WELL NO. 1,  
SPRABERRY (TREND AREA) FIELD,  
MIDLAND COUNTY, TEXAS.**

The Commission finds that after statutory notice in the above-numbered docket heard on October 27, 2014, the presiding examiners have made and filed an amended 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 not 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' amended 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. through 5., and 7. through 9., and Conclusions of Law Nos. 1. and 2., contained therein, and incorporates said Findings of Fact and Conclusions of Law as if fully set out and separately stated herein. The Commission declines to adopt all other proposed Findings of Fact and Conclusions of Law.

The Commission hereby adopts the following substitute Findings of Fact and Conclusions of Law:

**Substitute Findings of Fact:**

6. The evidence in the record demonstrates that both groundwater and surface fresh water will be adequately protected from pollution.
  - a. The base of usable quality groundwater (BUQW) is at a depth of 325 feet and the base of underground sources of drinking water (USDW) is at a depth of 1,200 feet.
  - b. A cement squeeze on the casing annulus in the Marion Lease Well No. 5 and the Marion Lease Well No. 11 can be performed to form a

barrier below the BUQW in these wellbores. Cementing would eliminate these two wellbores as potential conduits for the vertical migration of fluids to the BUQW.

Substitute Conclusions of Law:

3. Ruger Properties, LLC has demonstrated that, with proper safeguards, both ground and surface freshwater can be adequately protected from pollution. Texas Water Code §27.051(b)(3)
4. Ruger Properties, LLC has met its burden of proof and its application satisfies the requirements of Chapter 27 of the Texas Water Code and the Railroad Commission's Statewide Rule 9.

All requested and proposed 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.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Ruger Properties, LLC, to conduct commercial saltwater disposal operations in the Peggy SWD Lease, Well No. 1, Spraberry (Trend Area) Field, Midland County, Texas, is hereby **GRANTED**, and subject to the following terms and conditions:

**SPECIAL CONDITIONS:**

1. Prior to commencing injection operations, Ruger Properties, LLC will:
  - a. Perform cement squeeze on the casing annulus of the Floyd H Lease, Well No. 1 (API No. 42-329-00479), from a depth of 375 feet to the ground surface. The District Office will be notified 48 hours prior to the operation and given the opportunity to observe. Ruger Properties, LLC will file appropriate documentation of the cementing operation with the District Office and Technical Permitting in Austin.
  - b. Perform a 100 sack cement squeeze on the casing annulus of the Marion Lease, Well No. 5 (API No. 42-329-01288) and the Marion Lease, Well No. 11 (API No. 42-329-01294) at a depth of 375 feet. A cement plug must be placed from 325 feet to 425 feet in side the casing of each well. The District Office will be notified 48 hours prior to the operation and given the opportunity to observe. Ruger Properties, LLC will file appropriate documentation of the cementing operation with the District Office and Technical Permitting in Austin.

- c. Measure the pressure in the San Andres Formation injection interval and report this pressure to Technical Permitting in Austin.
2. Fluid shall be injected into the San Andres Formation in the subsurface depth interval between 4,000 feet and 4,600 feet.
3. The injection volume shall not exceed 20,000 barrels per day.
4. The maximum operating surface injection pressure shall not exceed 2,000 psig.
5. Injected fluid shall be limited to produced saltwater.

**STANDARD CONDITIONS:**

1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.
2. The District Office must be notified 48 hours prior to:
  - A. running tubing and setting packer;
  - B. beginning any workover or remedial operation; or
  - C. conducting any required pressure tests or surveys.
3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
4. Prior to beginning injection and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed annually and the results submitted in accordance with the instructions of Form H-5.
5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin office.
6. Within 30 days after completion, conversion to disposal, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed to show the current completion status of the well. The date of the disposal well permit and the permit number must be included on the new Form W-2 or G-1.

7. Written notice of intent to transfer the permit to another operator by filing Form P-4 must be submitted to the Commission at least 15 days prior to the date of the transfer.
8. Unless otherwise required by conditions of the permit, completion and operation of the well shall be in accordance with the information represented on the application (Forms W-14).
9. This permit will expire when the Form W-3, Plugging Record, is filed with the Commission. Furthermore, permits issued for wells to be drilled will expire three (3) years from the date of the permit unless drilling operations have commenced.
10. The operator shall be responsible for complying with the following requirements so as to assure that discharges of oil and gas waste will not occur:
  - A. Prior to beginning operation, all collecting pits, skimming pits, or washout pits must be permitted under the requirements of Statewide Rule 8.
  - B. A catch basin constructed of concrete, steel, or fiberglass must be installed to catch oil and gas waste which may spill as a result of connecting and disconnecting hoses or other apparatus while transferring oil and gas waste from tank trucks to the disposal facility.
  - C. All fabricated waste storage and pretreatment facilities (tanks, separators, or flow lines) shall be constructed of steel, concrete, fiberglass, or other materials approved by the Director or Director's delegate and shall be maintained so as to prevent discharges of oil and gas waste.
  - D. Dikes shall be placed around all waste storage, pretreatment, or disposal facilities. The containment area shall be dewatered within 24 hours by being disposed of in an authorized disposal facility.
  - E. The facility shall have security to prevent unauthorized access. Access shall be secured by a 24-hour attendant, a fence and locked gate when unattended, or a key-controlled access system. For a facility without a 24-hour attendant, fencing shall be required unless terrain or vegetation prevents truck access except through entrances with lockable gates.
  - F. Each storage tank shall be equipped with a device (visual gauge or alarm) to alert drivers when each tank is within 130 barrels from being full.
  - G. Operators of commercial oil and gas waste disposal facilities must comply with Statewide Rule 56 in regard to the reporting of skim oil on Form P-18.
11. The permit number shall be 15075.

Provided further that, should it be determined that such injection fluid is not confined to the approved interval, then the permission given herein is suspended and the disposal operation must be stopped until the fluid migration from such interval is eliminated. Failure to comply with all of the conditions of this permit may result in the operator being referred to enforcement to consider assessment of administrative penalties and/or the cancellation of the permit.

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 25th day of August, 2015.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN DAVID PORTER

*Christi Craddick*  
COMMISSIONER CHRISTI CRADDICK

*Ryan Sitton*  
COMMISSIONER RYAN SITTON

ATTEST:

*Kathy Way*  
SECRETARY

