

**RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTIONS
MARCH 11, 2008**

After providing notice as required by the Texas Open Meetings Act, the Railroad Commission of Texas held an open meeting at the William B. Travis Building, 1701 N. Congress Avenue, in Room 1-111, Austin, Texas, on Tuesday, March 11, 2008, commencing at 9:30 a.m. Chairman Michael L. Williams and Commissioners Victor G. Carrillo and Elizabeth A. Jones were present. Chairman Williams presided.

OFFICE OF GENERAL COUNSEL – HEARINGS SECTION

GAS SERVICES PROTESTED

1. GUD No. 9762, Statement of Intent Filed by Atmos Energy Corporation to Increase Utility Rates within the unincorporated areas served by the Atmos Energy Corp., Mid-Tex Division, and all consolidated dockets. The Commission unanimously approved the interim order approving the form of the bond and pre-existing rates.

OIL AND GAS PROTESTED

2. O&G 8A-0252926: Cholla Petroleum, Inc. to inject fluid into a reservoir productive of oil or gas, K Man Lease, Well No. 3, Toni -C- (Noodle Creek) (90689500) Field, Kent County, Texas. The Commission unanimously denied the motion for rehearing.

3. O&G 09-0251219: Vortt Exploration Company, Inc. enforcement action regarding (887500) Operator, McReynolds Brothers (095020) Lease, Well No.1, Murray NE (600sd) (63957800) Field, Young County, Texas. Violation of Rules 14(b)(2) and (3) and 3(1). The Commission unanimously approved the enforcement order.

4. O&G 09-0251296: Vortt Exploration Company, Inc. enforcement action regarding (887500) Operator, McReynolds Brothers Lease, Well 2 (0351753) Permit, Murray NE (600sd) (63957800) Field, Young County, Texas. Violation of Rule 8(d)(4)(G)(i)(I). The Commission unanimously approved the enforcement order.

5. O&G 02-0248303: American Coastal Energy, Inc. enforcement action regarding (018007) Operator, State Tract 596-1, NE/4 (079076) Lease, Well No.3ut, Sherman Offshore, SW. (3020) (83190300) Field, State Tract 596-1 NE/4 (079121) Lease, Well No.3lt, Sherman Offshore, SW. (3950) (83190400) Field, Offshore Calhoun County, Texas. Violation of Rule 14(b)(2). The Commission unanimously denied the motion for rehearing.

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6. O&G 02-0248304: American Coastal Energy, Inc. enforcement action regarding (018007) Operator, State Tract 707-S (060757) Lease, Well No.1 U, Sherman Offshore (3900) (83189580) Field, State Tract 707-S (147076) Lease, Well No.5, Sherman Offshore (1600) (83189370) Field, Offshore Calhoun County, Texas. Violation of Rule 14(b)(2). The Commission unanimously denied the motion for rehearing.

7. O&G 02-0248305: American Coastal Energy, Inc. enforcement action regarding (018007) Operator, State Tract 596-1 NE/4 (104885) Lease, Well No.4 U, Sherman Offshore, SW. (2950) (83190200) Field, State Tract 596-1 NE/4 (104886) Lease, Well No.4 L, Sherman Offshore, SW. (3900) (83190375) Field, Offshore Calhoun County, Texas. Violation of Rule 14(b)(2). The Commission unanimously denied the motion for rehearing.

8. O&G 02-0248306: American Coastal Energy, Inc. enforcement action regarding (018007) Operator, State Tract 708-S (127665) Lease, Well No.5 C, Sherman Offshore (1700) (83189380) Field, State Tract 708-S (158317) Lease, Well No.5-T, Sherman Offshore (2000) (83189425) Field, Offshore Calhoun County, Texas. Violation of Rule 14(b)(2). The Commission unanimously denied the motion for rehearing.

9. O&G 02-0248307: American Coastal Energy, Inc. enforcement action regarding (018007) Operator, State Tract 771-S (108845) Lease, Well No.1, State Tract 770-S (105015) Lease, Well No.4, Oakville, SW (4300) (66525500) Field, Offshore Calhoun County, Texas. Violation of Rule 14(b)(2). The Commission unanimously denied the motion for rehearing.

10. O&G 02-0248308: American Coastal Energy, Inc. enforcement action regarding (018007) Operator, State Tract 719-S (131844) Lease, Well No.1 U, Sherman Offshore, W.(1700 Mio.) (83192200) Field, State Tract 719-S (132259) Lease, Well No.1 L, Sherman Offshore (2900 A) (83189450) Field, Offshore Calhoun County, Texas. Violation of Rule 14(b)(2). The Commission unanimously denied the motion for rehearing.

AGREED ENFORCEMENT ORDERS

The Commission unanimously approved the following agreed orders:

11. O&G 04-0250707: High Island Oil Corporation enforcement action regarding Benavides, Carlos Estate (08802) Lease, Well Nos. 1, 2, 3, 8 & 9 Finley-Webb, S. (4770) (30952500) Field, Webb County, Texas. Violation of Rules 14(b)(2) and (3) and 46(j).

12. O&G 8A-0252222: Amirmex Inc. enforcement action regarding Jones (67612) Lease, Well No.1, Tex-Pac (Clear Fork) (89024333) Field, Gaines County, Texas. Violation of Rule 14(b)(2) and (3).

13. O&G 02-0253434: Meeker & Company enforcement action regarding Curlee, D. M. (04685) Lease, Well No. 02, Berkow (Kohler, 2nd) (07286666) Field, Bee County, Texas. Violation of Rules 14(b)(2) and 9(12)(A).

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14. O&G 02-0254272: Double Play Oil & Gas, Inc enforcement action regarding Bear Creek Ranch (08095) Lease, Well No. 01, Singleton, E. (Hockley) (83740300) Field, Bee County, Texas. Violation of Rules 8(d)(1) and 73(i).
15. O&G 03-0255210: Grand Resources, Inc. enforcement action regarding West, Wesley (09440) Lease, Well No. 01, Schwab (Yegua 4850) (81676800) Field, Polk County, Texas. Violation of Rule 14(b)(2) and (3).
16. O&G 04-0251694: Trans-Pecos Resources, Inc. enforcement action regarding De Garza, J.M. (088353) Lease, Well No.1, Kelsey, South (6280) (48635885) Field, Starr County, Texas. Violation of Rule 14(b)(2) and (3).
17. O&G 04-0255085: Continental Trend Resources, Inc enforcement action regarding (173783) Operator, Arend Unit (13282) Lease, Well No. 01, Bishop, East (7540, South) (08396505) Field, Nueces County, Texas. Violation of Rule 21(j).
18. O&G 09-0251305: Quinlan Engineering enforcement action regarding Albers, F. (13376) Lease, Well No. 02, Archer County Regular (03446001) Field, Archer County, Texas. Violation of Rules 14(b)(2) and 9(12).
19. O&G 09-0251604: Case Oil enforcement action regarding Fowler, M. (05204) Lease, Well Nos.2 & 4 Fowler (17935) Lease, Well Nos. 2, 7, 9 & 26W Alexander (19603) Lease, Well No. 1, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rules 14(b)(2) and (3) and 46(j).
20. O&G 09-0254013: Star of Texas Energy Srvs, Inc. enforcement action regarding (814991) Operator, Jenning-Star Lease, Well No. 1-h (0612459) Permit, Newark, East (Barnett Shale) (65280200) Field, Wise County, Texas. Violation of Rules 8(d)(4)(G)(i)(I); 16(b); and 3(1), (2), and (3).
21. O&G 09-0255153: BTO Venture, Inc. enforcement action regarding First National Waterflood Unit (12417) Lease, K-M-A (47902001) Field, Wichita County, Texas. Violation of Rules 8(d)(1) and 20(b).
22. O&G 09-0255365: Dry Fork Production Co., LLC enforcement action regarding Loftin (30271) Lease, Archer County Regular (03446001) Field, Archer County, Texas. Violation of Rule 73.
23. O&G 7B-0239429: Tristar Exploration, Inc enforcement action regarding Nash/Patterson (28928) Lease, Well No. 01, Peacock (Ellenberger) (69907666) Field, Stonewall County, Texas. Violation of Rule 8(d)(4)(G)(i)(I) and (IV) and 14(d)(12).
24. O&G 7B-0250479: TKP Petroleum, Inc. enforcement action regarding Miller, W.B. (14638) Lease, Well No. 01, Old Glory, E. (Strawn) (66965680) Field, Stonewall County, Texas. Violation of Rule 14(b)(2) and (3).
25. O&G 7B-0250806: TKP Petroleum, Inc. enforcement action regarding Miller, W.B. (15028) Lease, Well No. 03, Old Glory, NE. (Bend Congl.) (66967500) Field, Stonewall County, Texas. Violation of Rules 8(d)(1); 3(3); and 17.

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26. O&G 01-0250079: Drill-Co., Inc. enforcement action regarding Lucksinger, Paul (13350) Lease, Well Nos.1 & 2 Lady Sharon (Dale Lime) (51252400) Field, Caldwell County, Texas. Violation of Rules 3(2); 8(d)(1); 21(j); and 22(b)(I).
27. GUD Docket No. 9749: Oneok Westex Transmission, L.P. enforcement action for violation of Commission Pipeline Safety Regulation 49 CFR 192.614(a), at ITS System, 230769 Red River South, Ector County, Texas.
28. LP-Gas Docket 1934: Amerigas Propane, L.P. enforcement action for violation of LP-Gas Safety Rule §9.17(d)(1), at Diamond Shamrock, 1145 I-30 and Diamond Shamrock, 3345 Town East Blvd., Mesquite, Dallas County, Texas.
29. Third Party Damage Docket No. 000007: United Engineers, Inc. enforcement action for violation of Commission Underground Pipeline Damage Prevention Rule 16 TAC Sections 18.3(a) and 18.11(b), at 118 N. San Antonio, Conroe, Montgomery County, Texas.
30. Third Party Damage Docket No. 000013: Rodgers Construction Company enforcement action for violation of Commission Underground Pipeline Damage Prevention Rule 16 TAC Section 18.11(b), at Odie Drive, White Settlement, Tarrant County, Texas.

OIL AND GAS UNPROTESTED

CONSENT AGENDA

The Commission unanimously approved the following applications:

31. O&G 03-0254292: Hilcorp Energy Company for permanent gas well classification for all existing and future wells, and to amend the allocation formula to 100% AOF, Vidor Ames (Yegua Ey) Field, Orange County, Texas.
32. O&G 05-0254454: XTO Energy Inc. to amend the permanent field rules for the Bald Prairie (Cv Consolidated) Field, Robertson, Leon, and Limestone Counties, Texas.
33. O&G 06-0254698: Encana Oil & Gas(USA) Inc. to consider a new field designation for the Mims Gas Unit Lease, Well No, 1, to be known as the Raintree (Pettit) Field, Angelina County, Texas.
34. O&G 06-0255499: Forest Oil Corporation to amend the permanent field rules for the Henderson, E. (Cotton Valley) (40356200) Field, Rusk County, Texas.
35. O&G 7C-0254359: Terrace Petroleum Corporation to consider an MER for the Txl "19" Lease, Well Nos. 1 and 2; and to cancel all accrued overproduction for the subject lease, Spraberry (Trend Area) Field, Upton County, Texas.
36. O&G 04-0254677: Sanchez Oil & Gas Corporation for the recommendation of a tight gas formation for the Wilcox Formation Tiger (Wilcox Consol.) (96558500) Field, Duval County, Texas.

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37. O&G 04-0255417: Alegre Energy, Inc. for the recommendation of a tight gas formation for the Wilcox Formation El Grullo (Wilcox 11,000) (27965185) Field, Zapata County, Texas.

38. O&G 04-0255654: EOG Resources, Inc. for the recommendation of a tight gas formation for the Frio 10700 Interval Midway, East (10700) (61155955) Field, San Patricio County, Texas.

39. O&G 06-0255585: Sonerra Resources Corporation for the recommendation of a tight gas formation for the Travis Peak Formation Oakridge (Travis Peak) (66500500) Field, Nacogdoches County, Texas.

40. O&G 08-0255653: Anadarko Petroleum Corporation for the recommendation of a tight gas formation for the Wolfcamp, Strawn, Atoka and Morrow Formations Haley (Lwr. Wolfcamp-Penn Cons.) Field (RRC Field No 38118 300) Loving, Winkler, and Ward Counties, Texas.

41. O&G 03-0255584: Denali Oil & Gas Management, LLC for the recommendation of a tight gas formation for the Frio Formation Hardeman Slough (38960001) Field, Matagorda County, Texas.

42. O&G 08-0255805: Chesapeake Operating Company Inc. for the recommendation of a tight gas formation for the Delaware Shale Formation, Toyah, NW (Shale), Balmorhea (Woodford), and Certain Wildcat Delaware Shale Fields, Reeves County, Texas.

43. O&G 08-0255806: Petro-Hunt, L.L.C. for the recommendation of a tight gas formation for the Delaware Shale Formation, Toyah, NW (Shale) Certain Wildcat Delaware Shale Fields, Reeves and Culberson Counties, Texas.

44. O&G 03-0255730: Anadarko E&P Company LP for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Big Horn Unit (23486) Lease, Giddings (Buda) (34733600) Field, Robertson County, Texas.

45. O&G 08-0255512: Walsh & Watts, Inc. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Txl -A- (02472) Lease, Harper (39176001) Field, Ector County, Texas.

46. O&G 08-0255513: Walsh & Watts, Inc. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Parker "B" (02469) Lease, Harper (39176001) Field, Ector County, Texas.

47. O&G 08-0255514: Walsh & Watts, Inc. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the T. X. L. -E- (06205) Lease, Snyder (84469001) Field, Howard County, Texas.

48. O&G 08-0255515: Walsh & Watts, Inc. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the T. X. L. -D- (06204) Lease, Snyder (84469001) Field, Howard County, Texas.

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49. O&G 08-0255516: Walsh & Watts, Inc. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the T. X. L. -C- Lease, Snyder (84469001) Field, Howard County, Texas.

50. O&G 8A-0255511: Kinder Morgan Production Co LP for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Sacroc Unit (03137) Lease, Kelly-Snyder (48583001) Field, Scurry County, Texas.

51. O&G 8A-0255727: Texland Petroleum, L.P. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Muldrow (68698) Lease, Muldrow "19" (68803) Lease, Muldrow "50" (68922) Lease, Beasley "48" (68850) Lease, Pool-Hannes "36" (65666) Lease, Pool "37" (68959) Lease, Sunflower (San Andres) (87167700) Field, Terry County, Texas.

52. O&G 8A-0255728: Occidental Permian Ltd. For authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the West Seminole Sa Unit (17310) Lease, Seminole, West (82233001) Field, Gaines County, Texas.

53. O&G 8A-0255729: Occidental Permian Ltd. For authority pursuant to Statewide Rule 50 to Approve or certify an EOR project for the Wasson North Clearfork Unit (62689) Lease, Wasson, NE. (Clear Fork) (95400333) Field, Yoakum County, Texas

54. O&G 08-0255731: Texland Petroleum, L.P. to establish an entity for density for the Logsdon, Et al., -D- (16399) Lease, Fullerton (San Andres) (33230500) Field, Andrews County, Texas.

MASTER DEFAULT ORDERS

The Commission unanimously approved the following default orders:

55. O&G 01-0252218: Rimfire Land & Cattle Co. enforcement action regarding West Ranch Lease, Well No. 1 S (0557264) Permit, Wildcat (00002001) Field, Val Verde County, Texas. Violation of Rules 14(b)(2) and 16(a).

56. O&G 03-0244988: B & G Energy Corporation enforcement action regarding Kayser, Paul, et al. (07490) Lease, Well Nos.1 & 2 Dayton, North (5000 Sand) (23604800) Field, Liberty County, Texas. Violation of Rules 14(b)(2) and 3(2).

57. O&G 03-0245422: B & G Energy Corporation enforcement action regarding Kayser, Paul, et al. (06389) Lease, Well No. 02, Dayton, North (5000 Sand) (23604800) Field, Liberty County, Texas. Violation of Rules 14(b)(2); 3(2); and 13(b)(1)(B).

58. O&G 7B-0252405: Vanguard Production Company enforcement action regarding Rogers, Luther (087915) Lease, Well No.3, Double Trouble (Congl) (25787200) Field, Callahan County, Texas. Violation of Rules 14(b)(2) and 3(1) and (2).

59. O&G 04-0251695: Warner-Pawel enforcement action regarding Bishop Duval Land Co. (04336) Lease, Well Nos 16, 20 L & 23 Loma Novia (2nd Sand) (54506332) Field, Duval County, Texas. Violation of Rule 14(b)(2) and (3).

OFFICE OF GENERAL COUNSEL-RULES

ADOPTION

60. Amendment of 16 Tex. Admin. Code §2.1, relating to Informal Complaint Procedure, and new §2.5, relating to Informal Complaint Process Regarding Lost or Unaccounted for Gas (LUG), and §2.7, relating to Administrative Penalties for Failure to Participate, to implement House Bills 1920 and 3273, 80th Legislature (2007) (GUD No. 9755). The Commission unanimously voted to adopt the rules with changes. The revised rules and preamble will be presented at the next conference for signatures.

61. New 16 Tex. Admin. Code §7.7003, relating to Administrative Penalties and Other Remedies for Discrimination, and §7.7005, relating to Authority to Set Rates, to implement House Bill 3273, 80th Legislature (2007) (GUD No. 9756). The Commission unanimously voted to adopt the rules with changes. The revised rules and preamble will be presented at the next conference for signatures.

PUBLIC INPUT

62. The Commission will provide an opportunity for general public input on any matter under the jurisdiction of the Commission, in accordance with the policy adopted on September 7, 2005. No member of the public provided input at this time.

The conference was adjourned at 11:05 am.