

**RAILROAD COMMISSION OF TEXAS  
FORMAL COMMISSION ACTIONS  
JANUARY 10, 2007**

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 Wednesday, January 10, 2007, commencing at 9:30 a.m. Chairman Elizabeth A. Jones and Commissioners Michael L. Williams and Victor G. Carrillo were present. Chairman Jones presided.

**OFFICE OF GENERAL COUNSEL – HEARINGS SECTION**

**Gas Services Protested**

1. GUD No. 9716: Statement of Intent filed by CenterPoint Energy Entex to Change the Rates in the Environs of the Texas Coast Division. The Commission unanimously approved the order suspending the proposed rates.

**Oil and Gas Protested**

2. O&G 09-0247882: Arrington, David H. Oil & Gas, Inc. to Consider the Application to Dispose of Oil & Gas by Injection into a Porous Formation Not Productive of Oil or Gas McCasland, T.R. SWD Lease, Well No. 1, Newark, East (Barnett Shale) (65280200) Field, Hood County, Texas. Chairman Jones and Commissioner Carrillo signed the Order Nunc Pro Tunc. Commissioner Williams voted no and did not sign the order.

3. O&G 08-0246533: Mitchell County RRF, LLC Application Pursuant to Statewide Rule 8 for a Stationary Treatment Facility, Mitchell County Facility, Mitchell County, Texas. The Commission unanimously denied the motion for rehearing.

4. O&G 08-0248856: Raider Oil & Gas Company Commission called hearing to give Joel G. Solis d/b/a Raider Oil & Gas Company the opportunity to show cause why his P-5 Organization Report, P-4 Certificates of Compliance, underground injection permits, plugging extensions, and any other permit or license issued by the Commission should not be revoked due to three outstanding Final Orders: Oil and Gas Docket Nos. 08-0245470, Final and Unappealable May 22, 2006, and 08-0244540 and 08-0244257, Final and Unappealable June 12, 2006. The Commission deferred this matter for further consideration at the conference scheduled for March 6, 2007.

**MINUTES – JANUARY 10, 2007**

5. O&G 04-0247650: VTEX Energy, Inc. Application Regarding Compliance with SWR 14 Regarding Operation of Various Leases, Samedan (Frio) (80090300) Field, Kleberg County, Texas. The Commission unanimously denied the motion for rehearing.

6. O&G 7B-0247430: Jud and Joanie Edwards - Commission called hearing to consider the complaint of Jud and Joanie Edwards that proper notice was not given regarding an exception to Statewide Rule 37 permit granted to Cholla Petroleum, Inc. (Permit No. 607917) for the Rodeo Lease, Well No.1, B.R.A. (Congl.) (04809500), Belding (Bend Congl.), Borock (Miss), Jill (Congl. N), Kimberlin Ranch (Congl. 3620), Lucky Lane (Marble Falls Lm.), P.K. Dam (Congl. 3820), P.K. Lake (Congl.), Palo Pinto Co. Reg. (Gas), Palo Pinto County Regular, Pickwick (Conglomerate), Pickwick (Marble Falls), Pk Bass Hollow (Atoka Congl.), Possum Kingdom (Congl.), Possum Kingdom, West (Congl.), Rickels (Conglomerate), Strong (Congl.), Strong Sw (Congl "A"), Whittenburg (Strawn, Lower), Strong, Sw (Congl. D), Strong, Sw. (Duffer), W. A. Gragg (Atoka Conglomerate), W. A. Gragg, S (Atoka Congl.), and Weldon (Conglomerate) Fields, Palo Pinto County, Texas, and to consider the application of Cholla Petroleum, Inc. for an exception to Statewide Rule 37 for the above referenced well. The Commission unanimously approved the final order.

7. O&G 0244734: Cholla Petroleum, Inc. to consider the administrative approval of an exception to SWR 37 for the State Rodeo Lease, Well No. 1, Palo Pinto County Regular (68707001) Field, Palo Pinto Co. Reg. (Gas) (68707333) Field, Whittenburg (Strawn, Lower) (97141500) Field, Lucky Lane (Marble Falls Lm.) (55486300) Field, Strong, SW (Congl "A") (86725200) Field, Strong, SW (Congl. D) (86725400) Field, Strong, SW. (Duffer) (86725500) Field, Strong (Congl.) (86718500) Field, W. A. Gragg (Atoka Conglomerate) (94181003) Field, W. A. Gragg, S. (Atoka Congl.) (94182003) Field, Rickels (Conglomerate) (76529166) Field, PK Bass Hollow (Atoka Congl.) (68130003) Field, Borock (Miss) (10700400) Field, Possum Kingdom (Congl.) (72518333) Field, Possum Kingdom, West (Congl.) (72524666) Field, Jill (Congl. N) (46356400) Field, Pickwick (Marble Falls) (71370400) Field, B.R.A. (Congl.) (04809500) Field, Pickwick (Conglomerate) (71370200) Field, Kimberlin Ranch (Congl. 3620) (49295200) Field, P.K. Dam (Congl. 3820) (68136500) Field, Weldon (Conglomerate) (96124500) Field, Belding (Bend Congl.) (06852250) Field, and P.K. Lake (Congl.) (68140300) Field, Palo Pinto County, Texas. The Commission unanimously approved the final order.

8. O&G 03-0241675: Shoreham Oil & Gas Company, Inc. Enforcement Action Regarding (778499) Operator, State Tract 288 (148811) Lease, Well No.1, Red Fish Reef, SW. (Vicksburg) (75241987) Field, Chambers County, Texas. Violation of Rule 8(d)(1). The Commission unanimously denied the motion for rehearing.

9. O&G 04-0247766: IBC Petroleum, Inc. Enforcement Action Regarding State Tract 456 (012788) Lease, Well No. 1, Ten Sand Gas Unit 421 (043367) Lease, Well No. 3, State Tract 397 (076517) Lease, Well No. 6, Red Fish Bay-Mus. Is (Common 10) (75220500) Field, Nueces County, Texas. Violation of Rules 14(b)(2); 14(b)(3); 3(2). The Commission unanimously approved the final order.

**MINUTES – JANUARY 10, 2007**

10. O&G 04-0247767: IBC Petroleum, Inc. Enforcement Action Regarding State Tract 416 (08690) Lease, Well No. 2, Red Fish Bay (Zone 9) (75203256) Field, State Tract 416 (12740) Lease, Well No. 4, Red Fish Bay (Zone 15) (75203544) Field, State Tract 397 (077615) Lease, Well No. 4, Red Fish Bay (Zone 18) (75203672) Field, Nueces County, Texas. Violation of Rules 14(b)(2); 14(b)(3); 3(2). The Commission unanimously approved the final order.

11. O&G 04-0247768: IBC Petroleum, Inc. Enforcement Action Regarding State Tract 395 (054731) Lease, Well No. 1, T.S.T. 444 (11552) Lease, Well No. 1, Red Fish Bay (Zone 29) (75203807) Field, State Tract 445 (074631) Lease, Well No. 1, Red Fish Bay (Zone 43) (75203828) Field, Nueces County, Texas. Violation of Rules 14(b)(2); 14(b)(3). The Commission unanimously approved the final order.

12. O&G 04-0247783: IBC Petroleum, Inc. Enforcement Action Regarding State Tract 350 (143219) Lease, Well No. 3, Wildcat (00008001) Field, State Tract 348 (127065) Lease, Well No. 2, Red Fish Bay (Frio 8300) (75203084) Field, State Tract 352 (087886) Lease, Well No.1, Red Fish Bay (9000-C) (75203925) Field, Nueces County, Texas. Violation of Rules 14(b)(2); 14(b)(3); 3(2). The Commission unanimously approved the final order.

13. O&G 7B-0247490: King Oil & Resources Co Enforcement Action Regarding Sears-Streater "A" (23870) Lease, Well No.3, Holley (Ellenburger) (42194200) Field, Nolan County, Texas. Violation of Rules 14(b)(2); 36(d)(1)(M). The Commission unanimously approved the order granting the motion for rehearing.

**Agreed Enforcement Orders**

The Commission unanimously approved the following agreed orders:

14. GUD No. 9669: Enforcement Action Against Occidental Energy Co., Inc. (Company ID #6575; RRC P-5 Operator #617531) (Unit #19484-Occidental/Cape Caranchu) for Violation of Commission Pipeline Safety Rules 49 CFR 192.615(a), 49 CFR 192.605(a), 49 CFR 192.809(a), 16 TAC §8.101, 49 CFR 199.101(a), 49 CFR 192.705(a), 49 CFR 192.706, 49 CFR 192.616, 49 CFR 192.619(c)(2), 49 CFR 192.619(a), 49 CFR 192.745(a), and 49 CFR 192.179(b)(1), on the Moody #1 Gathering Line (System ID #732402), in Jackson County, Texas.

15. O&G 09-0249554: Beisch, Rusty enforcement action regarding Prideaux, H. O. (00556) Lease, Well Nos. 7, 17, 22, & 23, Archer County Regular (03446001) Field, Archer County, Texas. Violation of Rules 46(a); 73.

16. O&G 09-0249545: Masada Oil & Gas Enforcement action regarding Loveless (28291) Lease, Well No. 1J, Quanah (73609001) Field, Hardeman County, Texas. Violation of Rules 17(b); 46(a).

17. O&G 09-0247276: KTC Oil Enterprises, LLC enforcement action regarding Ray (13422) Lease, Well Nos.1, 1B, 3B, & 7, Archer County Regular (03446001) Field, Archer County, Texas. Violation of Rules 73(i); 14(b)(3); 8(d)(1).

**MINUTES – JANUARY 10, 2007**

18. O&G 8A-0244593: IPACT enforcement action regarding Roy, W. V. "1X" (61332) Lease, Well No. 1X, Dorward (25544001) Field, Garza County, Texas. Violation of Rules 14(b)(2); 36(c)(5)(B)(1); 36(c)(6)(A)(I).

19. O&G 09-0246990: Self Brothers enforcement action regarding Small (14085) Lease, Well No. 2L, Stoneburg, S. (Miss.) (86329750) Field, Small (14086) Lease, Well Nos. 2U, & 4 Stoneburg, S. (Congl.) (86329500) Field, Montague County, Texas. Violation of Rules 14(b)(2); 14(b)(3); 21(j) 46(g)(2).

**Oil and Gas Unprotested**

20. Correction of typographical error in T-Bar signed December 19, 2006, related to amendment of Devon Energy Production Company LP's pilot project authorization to recycle produced water and fracture flow-back fluids from the Barnett Shale. This item was unanimously approved.

**Consent Agenda**

The Commission unanimously approved the following applications:

21. O&G 01-0249266: KB Home Lone Star LP to consider a qualified subdivision for Travis County, Texas.

22. O&G 02-0249749: Sequoia Management, LLC to consider a new field designation and adoption of permanent field rules, proposed Tom Long (Lower Wilcox) Field, Lavaca County, Texas.

23. O&G 03-0249626: Crawford Energy Operating Co to consider consolidation of the Port Acres (Marg. 3) (72379500) Field, Port Acres (Frio 1) (72378080) Field, Port Acres (Frio 1-A) (72378085) Field, Port Acres (Frio 2) (72378087) Field, and adoption of permanent field rules, Jefferson County, Texas.

24. O&G 03-0249633: ConocoPhillips Company to consider permanent field rules for the Fulshear, S. (Wilcox 15450) (33290600) Field, Fort Bend County, Texas.

25. O&G 04-0249455: Sanchez Oil & Gas Corporation to consider a new field designation for the Peters a 724 Lease, Well No. 1 (API 42 131 38864), to be known as the West Tiger (7980) Field; and to adopt a two-factor allocation formula for the proposed field, Duval County, Texas.

26. O&G 04-0249718: EOG Resources, Inc. to consider severance tax incentive certification, Jaral Well No. 1, Stirling (Wilcox Consolidated) Field, Webb County, Texas.

27. O&G 06-0248381: Anadarko Petroleum Corporation to consider a new field designation to be known as the Mardi Gras (Cotton Valley) Field and adoption of a two factor allocation formula for the new field, Houston County, Texas.

**MINUTES – JANUARY 10, 2007**

28. O&G 06-0249012: Chesapeake Operating, Inc. to classify its Miles Bell Lease as a permanent gas lease, that all wells drilled on that lease be classified as gas wells, and that all overproduction related to wells on this lease be cancelled, Bethany, East (Cotton Valley) (07528500) Field, Panola County, Texas.

29. O&G 06-0249514: XTO Energy Inc. to consider a new field designation for the Chronister Heirs Lease, Well No. 3, adoption of a field interval and a two-factor allocation formula, (Proposed) Doyle Creek (Pettit) Field, Cherokee County, Texas.

30. O&G 08-0249624: Petro-Hunt, L.L.C. to consider a new field designation for the La Escalera 45 Lease, Well No. 1, in a multi-stratigraphic reservoir to be known as the La Escalera (Shale) Field, Pecos County, Texas.

31. O&G 08-0249631: Midland Oil and Gas, Inc. to consider an increased (MER) top allowable, Sara-Mag (Canyon Reef) (81021250) Field, Howard County, Texas.

32. O&G 09-0249517: Devon Energy Production Co, L.P. to consider an MER and cancellation of overproduction for the Smith, C.M. et al. Lease (30412), Well No. 3, Alvord, South (Atoka) Field, Wise County, Texas.

33. O&G 7B-0249083: Dallas Production, Inc. to consider a net gas-oil ratio for Belding "D" (24925) Lease, Well No. 1, Strawn, N. (Bend Congl.) (86575333) Field, Palo Pinto County, Texas.

34. O&G 7C-0249003: MLC Operating, LP to consider a net gas-oil ratio and to cancel overproduction, Onyx Lease, Well No. 2, Freedom (Upper Clear Fork) Field, Crockett County, Texas.

35. O&G 7C-0249004: MLC Operating, LP to consider a field-wide MER for the Freedom (Ruby Limestone) Field; and to cancel overproduction for its Onyx Lease, Well Nos. 1 and 5, Freedom (Ruby Limestone) Field, Crockett County, Texas.

36. O&G 7C-0249267: Guffey, Wm. R. to consider temporary field rules for the Ronny (Goen) (78115500) Field, Concho County, Texas.

37. O&G 8A-0249490: Redmon Oil Company, Inc. to consider permanent field rules for the Tedbit (San Andres) (88660500) Field, Gaines County, Texas.

38. O&G 8A-0249747: Fasken Oil and Ranch, Ltd. To consider a new field discovery and adoption of permanent field rules, proposed Mati Rae (Spraberry) Field, Dawson County, Texas.

39. O&G 8A-0249748: Fasken Oil and Ranch, Ltd. To consider a new field designation and adoption of permanent field rules, proposed Los Ybanez (Spraberry) Field, Dawson County, Texas.

40. O&G 08-0249516: ConocoPhillips Company to consider an MER and cancellation of overproduction for its wells in the Embar (Devonian) Field, Andrews and Ector Counties, Texas.

**MINUTES – JANUARY 10, 2007**

41. O&G 02-0249992: EnCana Oil & Gas(USA) Inc. for the recommendation of a tight gas formation for the Wilcox Formation Hound Dog (Mid. Wilcox 12000) (42864250) Field, Lavaca County, Texas.

42. O&G 06-0249859: Cypress Production, Inc. for the recommendation of a tight gas formation for the Travis Peak Formation Danville (Travis Peak Cons.) (23089812) Field, Rusk County, Texas.

43. O&G 06-0249990: Maximus Operating, Ltd. For the recommendation of a tight gas formation for the Travis Peak Formation Joaquin (Wiener) (46597950) Field, Panola and Shelby Counties, Texas.

44. O&G 08-0249948: Energen Resources Corporation for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the North Westbrook Unit (20831) Lease, Westbrook (96563001) Field, Mitchell County, Texas.

45. O&G 09-0247841: Railroad Commission District 09 Commission called review of the temporary field rules for the Sherlock (Holmes) (83159220) Field, Hardeman County, Texas.

46. O&G 10-0249991: Devon Energy Production Co, L.P. for the recommendation of a tight gas formation for the Douglas Formation Canadian, SE (Douglas) (15217250) Field, Hemphill County, Texas.

47. O&G 7C-0247024: Railroad Commission District 7C Commission Called review of the temporary field rules for the Linda Roberts (Upper Cross Cut) (53629460) Field, Concho County, Texas.

48. O&G 8A-0246926: Railroad Commission District 8A Commission called review of the temporary field rules for the Ritz (San Andres) (76979375) Field, Gaines County, Texas.

49. O&G 8A-0250027: Occidental Permian Ltd. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Levelland Unit (03780) Lease, Levelland (53411001) Field, Hockley County, Texas.

**Maaster Default Orders**

The Commission unanimously approved the following default orders:

50. 03-0243918: Christian Operating Company enforcement action regarding Doornbos (124270) Lease, Well No. 306, Port Arthur (Hackberry) (72398775) Field, Jefferson County, Texas. Violation of Rules 14(b)(2); 9(12).

51. O&G 08-0248996: Rosemary Oil & Gas enforcement action regarding Stack-State (34366) Lease, Well No. 1201, Vantage Technology, State of Tx (36898) Lease, Well No. 1, Reaves, N. (3200) (75090500) Field, Reeves County, Texas. Violation of Rule 14(b)(2).

**MINUTES – JANUARY 10, 2007**

52. O&G 7B-0242574: Vanguard Production Company enforcement action regarding Rogers "D" (20020) Lease, Well No. 04, Bowed (Caddo) (10944400) Field, Callahan County, Texas. Violation of Rule 46(j).

**OFFICE OF GENERAL COUNSEL-RULES**

53. Amendment of 16 Tex. Admin. Code §§3.2, 3.5, 3.14, 3.25, 3.56, 3.58, and 3.80, relating to Commission Access to Properties; Application To Drill, Deepen, Reenter, or Plug Back; Plugging; Use of Common Storage; Scrubber Oil and Skim Hydrocarbons; Oil, Gas, or Geothermal Resource Operator's Reports; and Commission Forms, Applications and Filing Requirements, respectively, to delete references to old Forms P-1 and P-2, which have been replaced with the Form PR, Monthly Production Report; to correct a grammatical error; to reflect proposed amendments to Form L-1, Electric Log Status Report; and to amend the instructions on Form ST-1, Application for Texas Severance Tax Incentive Certification, to delete obsolete language (O&G 20-0249367). The Commission unanimously adopted the rule amendments.

54. Amendment of 16 Tex. Admin. Code §3.95, relating to Underground Storage of Liquid or Liquefied Hydrocarbons in Salt Formations, and §3.97, relating to Underground Storage of Gas in Salt Formations, regarding standards for installation, testing, and maintenance of surface brine piping; type and location of ESVs and other vital wellhead equipment; fire suppression capabilities; and data acquisition and record retention for stored hydrocarbons. The Commission unanimously adopted the rule amendments.

**ADMINISTRATIVE MATTERS**

**Oil and Gas Division**

55. The First Quarter Fiscal Year 2007 Oil Field Cleanup Fund status report. The report was presented and accepted by the Commissioners.

**PUBLIC INPUT**

56. 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 general public provided input.

The conference was adjourned at 10:22 a.m.