

**RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTIONS
May 15, 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 12-170, Austin, Texas, on Tuesday, May 15, 2007, commencing at 9:30 a.m. Chairman Elizabeth A. Jones and Commissioner Michael L. Williams were present. Commissioner Victor G. Carrillo was delayed and was not present for the vote on Items 1, 3 and 4. Chairman Jones presided.

OFFICE OF GENERAL COUNSEL – HEARINGS SECTION

GAS SERVICES PROTESTED

1. GUD No. 9465: Appeal of Texas Gas Service Company from rate setting actions of the Cities of Port Neches, Nederland, and Groves, Texas. The Commission approved the Order on Remand adopting the Settlement Agreement (2-0).
2. GUD No. 9685: Complaint filed by CIMA Energy, Ltd. against TEPPCO Crude Oil Pipeline, L.P. and request for order granting access to transport crude oil. The Commission unanimously approved the revised Final Order (3-0).

GAS SERVICES UNPROTESTED

3. GUD No. 9731: Statement of Intent filed by Hughes Natural Gas, Inc. to change the rates in the environs of Wildwood, Pinehurst, and Magnolia, Texas. The Commission approved the Suspension Order (2-0).

SURFACE MINING AND RECLAMATION

4. Docket No. C5-0030-SC-34-F: Application by TXU Mining Company LP for release of reclamation obligations for 2037.5 acres of its surface coal mining operations for Permit No. 34D, Monticello Winfield Mine, Titus and Franklin Counties, Texas. The Commission approved the application (2-0).

AGREED ENFORCEMENT ORDERS

The Commission unanimously approved the following agreed orders:

5. LP-Gas Docket No. 1872: Nelson-Putman Propane Gas, Inc. enforcement action for violation of LP-Gas Safety Rule 16 Tex. Admin. Code §9.135, at Corsicana Country Club, in Corsicana, Navarro County, Texas.
6. LP-Gas Docket No. 1882: Inergy Propane, L.L.C. enforcement action for violation of LP-Gas Safety Rule 16 Tex. Admin. Code §9.9(c)(1), at Independent Propane Co., 3675 Hwy 287East, Midlothian, Ellis County, Texas.
7. LP-Gas Docket No. 1900: Slaton Gas & Equipment Co., Inc. enforcement action for violation of LP-Gas Safety Rule 16 Tex. Admin. Code §9.135, at T & B Services, 3101 W. Hwy. 114, Levelland, Hockley County, Texas.
8. O&G 01-0249474: Cavalier Oil & Gas, Inc. enforcement action regarding Webb, R. (03902) Lease, Well Nos. 1, 2 & 3, Webb, Berry (03964) Lease, Well Nos. 2 & 3, Drummond (Austin 1400) (26190333) Field, Caldwell County, Texas. Violation of Rules 14(b)(2) and (3).
9. O&G 06-0250394: Marshall, Sam enforcement action regarding Reese, Henry (083929) Lease, Well No. 1, L.C.G. (Page) (50479500) Field, Harrison County, Texas. Violation of Rule 14(d)(12).
10. O&G 02-0249638: Freddy's Well Service, Inc. Enforcement action regarding Pressley, Edmonia Estate (001399) Lease, Well No. 1, Cordele, SE. (3050 Catahoula) (20591750) Field, Jackson County, Texas. Violation of Rules 14(b)(2) and (3) and 3(1) and (2).
11. O&G 09-0248042: Cox, Lee Investments Inc. enforcement action regarding Shawver "B" (098075) Lease, Well No. 1, Lenora (D-Zone Congl.) (53178500) Field, Lee, C. F. (082175) Lease, Well No. 1, Perrin Ranch, North (Strawn) (70659666) Field, Jack County, Texas. Violation of Rules 14(b)(2); 13(b)(1)(B); 3(1), (2), and (3); 8(d)(4)(G)(i)(III); and 17(a).
12. O&G 09-0251274: GED Operating LLC enforcement action regarding Wind Dancer Lease Well No. 1H (0619405) Permit, Newark, East (Barnett Shale) (65280200) Field, Hood County, Texas. Violation of Rules 16(b) and 73.
13. O&G 09-0244191: H.H. & W. Oil Co. Enforcement action regarding Rogers, A. C. (07445) Lease, Well Nos. 1, 1A, 2, 3, 4, 5, 6, 8W, 9, 10, 12, 11W, 13W, and 15, Young County Regular (99480001) Field, Young County, Texas. Violation of Rules 14(b)(2); 3(a)(2); and 13(b)(1)(B).
14. O&G 10-0248156: Losure Pet. Co. Enforcement action regarding Burnett Ranch (04024) Lease, Well No. 03, Panhandle Carson County Field (68845001) Field, Carson County, Texas. Violation of Rules 14(b)(2) and (3).

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15. O&G 02-0248153: TBC Petroleum enforcement action regarding Ford, Marie Welder (132990) Lease, Well No. 3A, Rob Welder (2600) (77205700) Field, Victoria County, Texas. Violation of Rules 14(b)(2) and 9(12).

16. O&G 01-0242189: Alberta Energy Recovery, Ltd. enforcement action regarding Faselers, Robert A. et ux. (05552) Lease, Well Nos. 1, 2, 4, 5, 6, 7, 8, C1, C2, & C 3, Adams (Buda) (00621200) Field, Medina County, Texas. Violation of Rules 14(b)(2), 3(1), (2), and (3); and 8(d)(1).

17. O&G 08-0242075: Imperial Gas Resources LLC enforcement action regarding Williamson, Jessie (10669) Lease, Well No. 04, Goldsmith, W. (San Andres) (35659625) Field, Ector County, Texas. Violation of Rules 14(b)(2) and 16(a).

OIL AND GAS UNPROTESTED

CONSENT AGENDA

The Commission unanimously approved the following applications:

18. O&G 02-0250638: Pioneer Natural Res. USA, Inc. to consider a net gas-oil ratio for Schroeder (09065) Lease, Well No.4, Pawnee (Wilcox) (69845900) Field, Bee County, Texas.

19. O&G 02-0251254: Arena Offshore, LLC to consider a new field designation for the St 560-1 S/2 NW/4 Lease, Well No. 1, proposed Matagorda Island 560-1 (Miocene Consolidated) Field, Calhoun County, Texas. Applicant requests a two-factor allocation formula of 95% deliverability and 5% per well.

20. O&G 03-0250845: Davis Bros. Oil Producers, Inc. to consider a net gas-oil ratio for Johnson-Elene (2-S) (24882) Lease, Well No. 1, Lucky Leon (EY-6) (55488050) Field, Jasper County, Texas.

21. O&G 03-0251243: Arena Offshore, LLC to consider a new field designation for the Galveston Block 278-1 (MF 106411) Lease, Well No. 1 proposed Galveston Block 278-1 (Miocene Consolidated) Field, Brazoria County, Texas. Applicant requests a two-factor allocation formula of 95% deliverability and 5% per well.

22. O&G 03-0251358: Famcor Oil, Inc. to consider an exception to flare gas pursuant to Statewide Rule 32(h)(4) for its Raven Forest Lease, Well No. 1, Raven Forest (11300) Field, Montgomery County, Texas.

23. O&G 04-0250906: Suemaur Expl. & Prod., LLC to consider permanent gas well classification for its Gillespie G.U., Well No. 2, Brayton, N. (Vicksburg 9900) Field, Nueces County, Texas.

24. O&G 04-0251160: Alta Mesa Services, LP to consider a salvage classification for the Indian Point (Upper Frio Cons.) Field, Nueces County, Texas.

25. O&G 05-0251017: XTO Energy Inc. to consider consolidation of the Farrar, N. (Travis Peak) Field into the Farrar (Travis Peak) Field, Freestone, Limestone and Leon Counties, Texas.

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26. O&G 06-0250843: Goodrich Petroleum Company to consider an exception to SWR 10 to downhole commingle all current or future wells in the Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons.) Fields, Rusk and Panola Counties, Texas.

27. O&G 06-0250941: El Paso E & P Company, L. P. to consider an exception to SWR 10 for its Landon Lease, Well No. 11, to permit downhole commingling of production from the Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons.) Fields, Rusk County, Texas.

28. O&G 06-0251010: O'Benco, Inc. to amend the field rules, Darco S.E. Cotton Valley Field, Harrison County, Texas.

29. O&G 06-0251070: Etopsi Oil and Gas, L.L.C. to Consider the application of Etopsi Oil and Gas, L.L.C. to supercede the provisions of the Order in Oil and Gas Docket No. 06-0225521, issued March 6, 2001, requiring the plugging of the Williams, E. "B" (13185) Lease, Well No. 1, Bethany (Pettit 6170) (07527527) Field, Panola County, Texas, enabling Etopsi Oil and Gas, L.L.C. to become the operator of record.

30. O&G 08-0250873: Application of Whiting Oil and Gas Corporation to inject fluid containing hydrogen sulfide gas into a reservoir productive of oil or gas, pursuant to Statewide Rules 36 and 46 for numerous wells on the G.W. O'Brien, et al. Lease, Ward-Estes, North (95152001) Field, Ward County, Texas.

31. O&G 08-0251158: Eagle Oil & Gas Co. to consider a new field designation for the Winfield Ranch State 14 Lease, Well No. 1, and to consider field rules including a two-factor allocation formula, proposed Haley, South (Atoka) Field, Pecos County, Texas.

32. O&G 10-0251157: Mewbourne Oil Company to consider an exception to SWR 10 to downhole commingle in the Kellin "94" Lease, Well No. 1, Lipscomb (Atoka) (53869090) Field, Lipscomb (Atoka 9200) (53869120) Field, Lipscomb (Cleveland) (53869270) Field, Wildcat (00024001) Field, Lipscomb County, Texas.

33. O&G 7C-0251162: Henry Petroleum LP to amend the field rules, Sheep Mountain (Consolidated) Field, Crockett and Upton Counties, Texas.

34. O&G 8A-0249914: Halliburton Operating Company to Consider permanent field rules and productive acreage determination in the Long-Hall (Tannehill) Field, Kent County, Texas.

35. O&G 04-0251235: Dominion Oklahoma Texas E&P, Inc. for the recommendation of a tight gas formation for the Wilcox Formation Martinez (5th Hinnant) (57795967) Field, Zapata County, Texas.

MASTER DEFAULT ORDERS

The Commission unanimously approved the following default orders:

36. O&G 01-0248985: Williamson, Margie B enforcement action regarding Williamson, Margie B., Well No. 1 (0535366) Permit, Big Foot (07850001) and Wildcat Fields, Frio County, Texas. Violation of Rules 14(b)(2) and 16(b).

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37. O&G 02-0249141: TBC Petroleum enforcement action regarding Ford, Marie Welder (132990) Lease, Well No. 3A, Rob Welder (2600) (77205700) Field, Friar, A. (148215) Lease, Well No. 5, Helen Gohlke, W. (Yegua Lower) (40239760) Field, Friar, A. (00639) Lease, Well No. 6, Helen Gohlke, W. (Wilcox) (40239304) Field, Friar, A. (152585) Lease, Well No. 7, Helen Gohlke (Yegua K) (40231429) Field, Friar, A. (07412) Lease, Well No. 2, Helen Gohlke, W. (B-1 Sd.) (40239076) Field, Victoria County, Texas. Violation of Rules 14(b)(2)(E) and 9(12).

38. O&G 08-0249504: Wilbanks, Bruce A. Company enforcement action regarding Sinclair Silverman #2 (22485) Lease, Well No. 2, Silverman, Sinclair (056159) Lease, Well No. 3, Abell (Clear Fork) (00292058) Field, Pecos County, Texas. Violation of Rules 14(b)(2) and (3) and 3(2).

39. O&G 09-0250191: Jackson Tank Trucks enforcement action regarding Hames Ranch Lease, Well No. 5H (0613057) Permit, Newark, East (Barnett Shale) (65280200) Field, Tarrant County, Texas. Violation of Rule 8(d)(1).

40. O&G 6E-0250031: Inner Core Energy, Inc. enforcement action regarding Bradford, D. (06734) Lease, Well Nos. 5 & 9, East Texas (27302001) Field, Rusk County, Texas. Violation of Rules 14(b)(2) and (3).

OFFICE OF GENERAL COUNSEL-RULES

41. Notice of intent to review and re-adopt 16 Tex. Admin. Code Chapter 1, relating to Practice and Procedure, in accordance with Texas Government Code, §2001.039. The Commission unanimously approved publishing for a 30-day comment period.

42. Notice of intent to review and re-adopt 16 Tex. Admin. Code Chapter 8, relating to Pipeline Safety Regulations, in accordance with Texas Government Code, §2001.039. The Commission unanimously approved publishing for a 30-day comment period.

43. Notice of intent to review and re-adopt 16 Tex. Admin. Code Chapter 20, relating to Administration, in accordance with Texas Government Code, §2001.039. The Commission unanimously approved publishing for a 30-day comment period.

44. New 16 Tex. Admin. Code §§18.1-18.12, relating to Scope, Applicability, and General Provisions; Definitions; Excavator Notice to Notification Center; Excavator Obligation to Avoid Damage to Underground Pipelines; Operator and Excavator Obligations with Respect to Positive Response; General Marking Requirements; Excavator Marking Requirements; Operator Marking Requirements; Options for Managing an Excavation Site in the Vicinity of an Underground Pipeline; Excavation within Tolerance Zone; Reporting Requirements; and Penalty Guidelines, in new Chapter 18, entitled Underground Pipeline Damage Prevention. After some discussion, the Commission deferred further consideration of this item to the next conference on May 30, 2007.

45. Amendment of 16 Tex. Admin. Code §20.101, relating to the cost of copies of public information, to correct obsolete references resulting from the transfer of authority to establish charges for copies of public information from Texas Building and Procurement Commission to the Office of the Attorney General. The Commission unanimously adopted the amendment.

ADMINISTRATIVE MATTERS

EXECUTIVE OFFICE

46. Discussion of and possible action on Fiscal Year 2008-2009 Legislative Appropriation Request and any other pending legislation affecting the Railroad Commission of Texas. No action was taken regarding this item.

INFORMATION TECHNOLOGY SERVICES

47. Approval of Electronic Mail Retention Policy. This item was unanimously approved.

OIL AND GAS DIVISION

48. Authority to award an extended service contract for plugging wells with state funds, requisition number 455-7-0990, for 49 wells located in Pecos County, Texas (District 08); estimated value \$705,500. The Commission unanimously approved the extended service contract.

PUBLIC INPUT

49. 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 11:05 am.