

**RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTIONS
MARCH 29, 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 Thursday, March 29, 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. 9670 (and consolidated cases): Petition for De Novo Review of the Reduction of the Gas Utility Rates of Atmos Energy Corp., Mid-Tex Division by the City of Blue Ridge, Caddo Mills, et. al.; Atmos Energy Corporation Statement of Intent to Change Rates in the Atmos Energy Corp., Mid-Tex Division Gas Utility System; and Petition for Review from the Actions of Municipalities Denying Rate Request. The Commission unanimously approved a revised final order.

2. GUD No. 9657: Enforcement Action Against Gaylyn, Inc. for Violations of Commission Pipeline Safety Rules 49 CFR 192.807(a)(2), 49 CFR 192.463(a), 49 CFR 192.321(a) and (g), and 49 CFR 192.705(a), at or Around Cross Plains, Callahan County, Texas. The Commission unanimously approved the final order.

GAS SERVICES UNPROTESTED

3. GUD No. 9703: Statement of Intent filed by T & L Gas Co. to change rates in the unincorporated rural area of Conroe, Texas, in Montgomery County. The Commission unanimously approved the final order.

4. GUD Docket No. 9580: Enforcement action against El Paso Field Services, L.P. for violation of Pipeline Safety Regulation 49 CFR 192.745(a) in Victoria County, Texas. This item was unanimously approved.

OIL AND GAS PROTESTED

5. O&G 01-0250295: Regency FS LP to Consider a Sour Gas Pipeline Pursuant to Rule 106, Tilden Plant & Gathering System Lease, Virtex Extension Area, Frio County, Texas. The Commission unanimously approved the application.

6. O&G 09-0249176: B & S Disposal, LLC on an existing Statewide Rule 9 commercial application for a permit amendment to dispose of oil and gas waste by injection into a porous formation not productive of oil or gas, Moore, Wm. K. Lease, Well No. 1D, Jack County Regular (45274001) Field, Jack County, Texas. The Commission unanimously denied the motion for rehearing.

7. O&G 01-0249629: Comanche Well Service Corp. Enforcement Action Regarding Hinds, F.C -A- (04646) Lease, Well Nos. 1A, 1B, 1E, 1F, 2A, 2B, 2D, 2F, 2G, 3C, 3G, & 4D, Tenney Creek (88824001) Field, Caldwell County, Texas. Violation of Rules 14(b)(2); 13(b)(1)(B); 8(d)(1); 3(1) and (2). The Commission unanimously denied the motion for rehearing.

AGREED ENFORCEMENT ORDERS

The Commission unanimously approved the following agreed orders:

8. GUD Docket No. 9717: enforcement action against West Texas Gas, Inc. for violation of 49 CFR 192.625(a) at Kirby Plant, City of Andrews, Andrews County, Texas.

9. LP-Gas Docket No. 1878: enforcement action against AAA Propane, Inc. for violation of LP-Gas Safety Rule §9.403(a) [NFPA 58: § 2.3.3.2(b)(2)] at AAA Propane, Inc., Rt. 1, Box 95, Ranger, Parker County, Texas.

10. LP-Gas Docket No. 1879: enforcement action against Groendyke Transport, Inc. for violation of LP-Gas Safety Rule §9.135, at AAA Propane, Inc., Ranger, Parker County, Texas.

11. LP-Gas Docket No. 1888: enforcement action against Parkway Food Mart, Inc. for violation of Tex. Nat. Res. Code Ann. §113.081 at Parkway Food Mart, 722 Crabb River Rd., Richmond, Texas.

12. LP-Gas Docket No 1898: enforcement action against Basin Welding Supply for violation of LP-Gas Safety Rule §9.7(f) at W. Murphy St., Odessa, Ector County, Texas.

13. O&G 09-0249543: S B Energy, Ltd. enforcement action regarding Birk -A- (16043) Lease, Well Nos. 1, 2W, 3 & 4W, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rules 46(j); 3(1) and (2).

14. O&G 09-0249551: DJD Drilling Corporation enforcement action regarding Meredith Ranch (25948) Lease, Well No. 01, Jean, N. (Miss.) (46007500) Field, Young County, Texas. Violation of Rules 8(d)(1); 3(1) and (3).

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15. O&G 7B-0244851: Evarado Oil Company enforcement action regarding Barker, R. A. "A" (25932) Lease, Well No.1A, Stephens County Regular (85948001) Field, Stephens County, Texas. Violation of Rule 46(a).
16. O&G 7B-0239087: Tristar Exploration, Inc. enforcement action regarding Godfrey (27762) Lease, Well No. 4B, Farnsworth (30272001) Field, Jones County, Texas. Violation of Rule 14(b)(2); 8(d)(1); 9(9)(B).
17. O&G 09-0248556: Pacific Exploration Oper Co, LLC enforcement action regarding (632802) Operator, Madden KMA Sand Unit (11397) Lease, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rule 8(d)(1).
18. O&G 08-0249610: XOG Operating LLC enforcement action regarding Capps SWD Lease Well No. 01 (0610390) Permit, Parks (Pennsylvanian) (69233498) Field, Midland County, Texas. Violation of Rule 9(1), 9(9).
19. O&G 02-0247289: Discovery Energy Corp. CC Enforcement action regarding Hillbrich (180478) Lease, Well No.1, Schroeder (Miocene 1450) (81559475) Field, Goliad County, Texas. Violation of Rules 14(b)(2); 3(1) and (2).
20. O&G 03-0246034: T & G Oil, Inc. enforcement action regarding Sun Fee -A- (11115) Lease, Well No. 02, Big Hill (07884001) Field, Jefferson County, Texas. Violation of Rules 14(b)(2); 3(2).
21. O&G 06-0246591: Atlantis Oil Company, Inc. enforcement action regarding Jackson, W. C. (016508) Lease, Well No. 2C, Quitman Goldsmith, SE. (Hill) (73898400) Field, Wood County, Texas. Violation of Rules 14(b)(2) and (3).
22. O&G 02-0250077: TBC Petroleum enforcement action regarding Friar, A. (07931) Lease, Well No. 08, Helen Gohlke, W. (Wilcox A-2) (40239456) Field, Victoria County, Texas. Violation of Rule 98(d).
23. O&G 06-0250389: Dallas Operating Corp. Enforcement action regarding Hemby "A" (146946) Lease, Well No. 1, Elkhart (Woodbine) (28379500) Field, Anderson County, Texas. Violation of Rule 5(a).
24. O&G 04-0249967: Peak Energy Corporation enforcement action regarding De Benavides, Rosa V. Ralston J. (055835) Lease, Well No. 5, Benevides-CNR (056269) Lease, Well No. 6, Las Tiendas (Olmos) (52211060) Field Webb County, Texas. Violation of Tex. Nat. Res. Code Ann. §85.166 and Rule 73(i).
25. O&G 04-0249968: Peak Energy Corporation enforcement action regarding Benevides-CNR (055649) Lease, Well No.1, Benevides-CNR (055651) Lease, Well No.2, Las Tiendas (Olmos) (52211060) Field Webb County, Texas. Violation of Tex. Nat. Res. Code Ann. §85.166 and Rule 73(i).
26. O&G 7B-0249975: Signal Oil and Gas Company enforcement action regarding McSpadden "B" (29414) Lease, Well No. 01, Truby (Strawn) (91526666) Field, Jones County, Texas. Violation of Rules 8(d)(1); 3(2) and (3).

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27. O&G 7B-0246592: Dabb Energy Company enforcement action regarding Stroud, J.A. (086664) Lease, Well No. 1, Buckner (Marble Falls) (12950400) Field, Parker County, Texas. Violation of Rules 14(b)(2); 14(b)(3); 3(1).

28. O&G 09-0249576: B.E.G. Production enforcement action regarding Cole, T. J. "A" (27886) Lease, Well No. 80, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rule 46(a).

29. O&G 7B-0245778: Cox, Lee Investments Inc. enforcement action regarding Snyder, Morris (076653) Lease, Well No.1, Moran, W. (Congl.) (62822500) Field, Shackelford County, Texas. Violation of Rules 14(b)(2); 3(1) and (2).

30. O&G 03-0248026: D-Mil Production, Inc. Enforcement action regarding McLane Texas Trust East (154106) Lease, Well No. 2, Garwood (Frio 3200) (34090066) Field, Colorado County, Texas. Violation of Rules 14(b)(2); 3(2).

OIL AND GAS UNPROTESTED

CONSENT AGENDA

The Commission unanimously approved the following applications:

31. O&G 03-0247227: Land Tejas Lakes 1023 LP to consider a qualified subdivision for a 604.47 acre subdivision tract, Harris County, Texas.

32. O&G 01-0248675: Patterson Petroleum LP to consider an MER for the Cannan (14695) Lease, Well No. 1, Pearsall (Austin Chalk) (69981125) Field, Dimmit County, Texas.

33. O&G 03-0249485: Land Tejas Park Lakes 1023, L.P. to consider approval of a qualified subdivision for a 415.73 acre tract, Victor Blanco Survey, Abstract No. 2, Harris County, Texas.

34. O&G 03-0250219: Patterson Petroleum LP to amend the temporary field rules and adopt them as permanent, Rosenberg, W. (Lwr Cook Mtn) Field, Fort Bend County, Texas.

35. O&G 03-0250636: Hall-Houston Expl. II, L.P. to Consider a new field designation for the S.T. 310-1 Lease, Well No. 3, to be known as S.T.310-1 (Miocene) Field, Brazoria County, Texas.

36. O&G 05-0248622: EnCana Oil & Gas(USA) Inc. to consider a new field designation for the R. L. Dodds, Jr. "B" Lease, Well No. 1, (Proposed) Amoruso (Bossier) Field, and to adopt a field interval and two-factor allocation formula for the new field, Robertson County, Texas.

37. O&G 05-0250022: Tuleta Energy Partners, LLC to consider consolidation of the Corsicana (Nacatoch) and Corsicana (Woodbine) Fields into the Corsicana (Shallow) Field, expansion of the correlative interval and adoption of permanent field rules, Navarro County, Texas.

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38. O&G 06-0247946: El Paso Production Company to consider an exception to SWR 10 to downhole commingle all wells in all applicant operated leases Minden (Cotton Valley Cons.) (61792111) Field, Minden (Travis Peak Cons.) (61792380) Field, Panola and Rusk Counties, Texas.

39. O&G 06-0250368: Chevron U. S. A. Inc. to consider permanent field rules for the Bethany (Transition) (07527651) Field, Panola and Harrison Counties, Texas.

40. O&G 06-0250378: C. W. Resources, Inc. to consider suspending the allocation formula for the Gladewater (Haynesville) Field, Upshur & Gregg Counties, Texas.

41. O&G 06-0250626: Cabot Oil & Gas Corporation to consider a blanket exception to SWR 10 to downhole commingle all current and future wells on all of the leases operated by the applicant in the Minden (Cotton Valley Cons.) (61792111) Field, and Minden (Travis Peak Cons.) (61792380) Field, Rusk and Panola Counties, Texas.

42. O&G 10-0250120: Chesapeake Operating, Inc. to expand the interval for the Allison-Britt (12350) Field, Wheeler County, Texas.

43. O&G 10-0250220: Strand Energy, L.C. to amend the permanent field rules in the Spoony (Mississippian) Field, Ochiltree County, Texas.

44. 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.

45. O&G 02-0250513: KCS Resources, Inc. for the recommendation of a tight gas formation for the Hostetter Formation Dolan (Hostetter) (25177400) Field, Live Oak County, Texas.

46. O&G 02-0250981: KCS Resources, Inc. for the Recommendation of a tight gas formation for the Wilcox Coquat (Meider A, Deep) (20539258) Field, Live Oak County, Texas.

47. O&G 03-0250680: Magnum Producing, LP for the recommendation of a tight gas formation for the Vicksburg Formation Sealy (Wilcox L) (81948510) Field, Austin County, Texas.

48. O&G 03-0250970: Forest Oil Corporation for the recommendation of a tight gas formation for the Middle Wilcox Formation Wharton, West (Wilcox) (96728480) Field, Wharton County, Texas.

49. O&G 04-0250854: Metano Energy, LP for the recommendation of a tight gas formation for the Queen City Formation in the Garcias Ridge (Queen City) (33972360) Field, Starr County, Texas.

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50. O&G 04-0250982: Laredo Energy for the recommendation of a tight gas formation for the Wilcox Roleta (Wilcox Consolidated) (77973050) Field, Zapata County, Texas.

51. O&G 08-0250426: Railroad Commission District 08 Commission-called review of the temporary field rules for the Horned Toad (Delaware) (42655080) Field, Ward County, Texas.

52. O&G 08-0250860: BP America Production Company for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Block 31 Unit (00442) Lease, Block 31 (Devonian) (09358450) Field, Crane County, Texas.

53. O&G 08-0250880: CrownQuest Operating, LLC for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Crump 48 (36666) & Crump 48A (37694) Leases, CrownQuest (Devonian) (22026080) Field, Crane County, Texas. Van Court 60 (36963) Lease is also included in this project. H-12 was approved in error, the project should contain all three leases.

54. O&G 09-0250429: Railroad Commission District 09 Commission-called review of the temporary field rules for the Trailer (Holmes) (90910220) Field, Hardeman County, Texas.

55. O&G 7C-0250427: Railroad Commission District 07C Commission-called review of the temporary field rules for the Mickey Mac (Wolfcamp) (61007800) Field, Tom Green County, Texas.

56. O&G 7C-0250428: Railroad Commission District 07C Commission-called review of the temporary field rules for the Almez (Devonian-Ellen) (01889080) Field, Terrell County, Texas.

57. O&G 8A-0250850: 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.

58. O&G 8A-0250894: Manzano, LLC for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Scott 21-G (68276) Lease, Clayton Ranch, N. (Spraberry) (18790700) Field, Borden County, Texas.

59. O&G 8A-0250973: Occidental Permian Ltd. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Anton-Irish Clearfork Unit (00304) Lease, Anton-Irish (03194001) Field, Lamb County, Texas.

60. O&G 8A-0250974: Occidental Permian Ltd. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Smith-IgoE (06071) Lease, Slaughter (83991001) Field, Cochran County, Texas.

61. O&G 8A-0250975: Occidental Permian Ltd. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the IGOE-Smith Oper. Area (05947) Lease, Slaughter (83991001) Field, Cochran County, Texas.

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62. O&G 8A-0250976: Oxy USA WTP LP for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the South Welch Unit (60337) Lease, Welch (96062001) Field, Dawson County, Texas.

63. O&G 8A-0250977: Occidental Permian Ltd. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Cobb Et. Al. (68752) Lease, Prentice (San Andres) (72995332) Field, Yoakum County, Texas.

64. O&G 8A-0250987: BEPCO, L.P. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Sun-Denton 06015 Lease Slaughter (83991001) Field, Hockley County, Texas.

65. O&G 8A-0250988: BEPCO, L.P. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Slaughter (San Andres) Tr. 20 Lease, Lease No. 60283 Slaughter (83991001) Field, Hockley County, Texas.

66. Approval of the claim by Kelley Hoffman against the proceeds from the sale of salvage recovered during State-funded plugging operations on the following well: Sundial Exploration (829492), Smith, A. L. Lease (18678), Well No. 1, Cottonwood Creek (Canyon, Lo) Field, Fisher County, Texas; State-funded plug code 7B-14263.

MASTER DEFAULT ORDERS

The Commission unanimously approved the following default orders:

67. O&G 02-0246078: Geonatural Resources, Inc. enforcement action regarding Geo-Goliad (196822) Lease, Well No.1, Marshall, East (Yegua 5300) (57721590) Field, Goliad County, Texas. Violation of Rules 14(b)(2); 3(1) and (2); 8(d)(4)(G)(i)(I).

68. 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); 14(b)(3); 3(2).

69. O&G 09-0246008: KTC Oil Enterprises, LLC enforcement action regarding Prideaux, H. O. -A- (10598) Lease, Well Nos. 2A, 3, 4, 5, 5A, 6A, 7A, 9A, 9B, 10A, 11A, 12A, 13A, 15A, & 16A, Lawrence "A" (24066) Lease, Well Nos. 1, 1A, 1D, 1E, 2A, 2C, 2E, & 3C, Archer County Regular (03446001) Field, Archer County, Texas. Violation of Rules 3(2); 13(b)(1)(B); 16(a) 14(b)(3); 46(j); 8(d)(1); 14(b)(2).

OFFICE OF GENERAL COUNSEL-RULES

70. Notice of intent to review and re-adopt 16 Tex. Admin. Code Chapter 14, relating to Regulations for Liquefied Natural Gas (LNG), in accordance with Texas Government Code, §2001.039, and repeal of 16 Tex. Admin. Code §14.2001, relating to LNG Advisory Committee. The Commission unanimously approved this item.

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71. 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; request to withdraw initial proposal and publish a revised proposal. The Commission unanimously approved this item.

72. Amendment of 16 Tex. Admin. Code §8.201, relating to Pipeline Safety Program Fees, to amend the dates pertaining to the 2007 fee payments. The Commission unanimously adopted the amendment.

ADMINISTRATIVE MATTERS

EXECUTIVE OFFICE

73. Discussion of and possible action on Fiscal Year 2008-2009 Legislative Appropriation Request and any other pending legislation affecting the Railroad Commission of Texas. There was no discussion or action regarding this item.

ADMINISTRATION DIVISION

74. Request to increase Fiscal Year 2007 Oil Field Clean Up budgets for Well Plugging and Site Remediation Services. The Commission unanimously approved this item.

INFORMATION TECHNOLOGY SERVICES

75. Approval of amended and restated interagency contract between the Department of Information Resources and the Railroad Commission of Texas to effectuate the consolidation of Data Center Services, pursuant to the Master Services Agreement between Department of Information Services and International Business Machines, estimated not to exceed amount \$5,057,692; DIR Contract No. DIR-SDD-495-RFO-Data Center Services. The Commission unanimously approved the amended and restated interagency contract.

OIL AND GAS DIVISION

76. Authority to award an extended service contract for plugging wells with state funds, requisition number 455-7-0756, 15 wells located in Tyler, Newton, and Polk Counties (District 03); estimated value \$571,810. The Commission unanimously approved the contract.

77. Fiscal Year 2007, 2nd Quarter, Oil Field Cleanup Well Plugging and Site Remediation status report. The Commission accepted the report.

78. Approval of funds for well control operations on the Energy 2000 Inc., State of Texas, Well No. 2, Starr County, Texas. The Commission unanimously approved this item.

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79. Amendment of Site Remediation's Budget Plan for Fiscal Year 2007 to include additional Brownfields Subtitle C sites and the D&G Operating Company, Inc., Evans Unit (05775) Lease, Chambers County, Texas site. The Commission unanimously approved this item.

PUBLIC INPUT

80. 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 4:15 pm.