

**RAILROAD COMMISSION OF TEXAS  
FORMAL COMMISSION ACTIONS  
JULY 17, 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 Tuesday, July 17, 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. 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 order granting the motion for rehearing for a limited purpose.

**SURFACE MINING AND RECLAMATION**

2. Docket No. C5-0026-SC-11-F: Application by San Miguel Electric Cooperative, Inc. for release of reclamation obligations for 195.14 acres of its surface coal mining operations for Permit No. 11E, San Miguel Lignite Mine, Atascosa and McMullen Counties, Texas. The Commission unanimously approved the application.

**OIL AND GAS PROTESTED**

3. O&G 03-0241972: Masters Resources, LLC, for Commission approval pursuant to Statewide, Rule 78 to reduce the amount of financial, assurance required for various bay wells in various fields, Galveston and Chambers, County Texas. Chairman Jones and Commissioner Williams approved the final order. Commissioner Carrillo voted no.

4. O&G 09-0248079: Sanco Operating Company, enforcement action regarding the Cornelius Lease Well Nos. 131 & 132, Tank Battery, (0610843) Permit, Wilbarger County Regular (97331001) Field, Wilbarger County, Texas. Violation of Rules 3(2); 14(a)(2); 5(a) and (c); 13(b)(2)(A)(i); 13(b)(1)(B); 8(d)(1); and 8(d)(2). The Commission unanimously approved the enforcement order.

**MINUTES – JULY 17, 2007**

5. O&G 03-0247275: Ind. Resources Operating Co. Inc., enforcement action regarding the (423719) Operator Freeway Lease Well No. 1 (0610463) Permit, Brookshire (12306001) Field, Waller County, Texas. Violation of Rules 3(2) and 13(a)(1). The Commission unanimously approved the enforcement order.

6. O&G 02-49939: Howell Oil & Gas, Inc., to consider an exception to SWR 37/38 for the St. John Baptist Church Lease, Well No. 1, Carthage, North (Cotton Valley), (16034250) Field, Wildcat (00012001) Field, Bethany (Travis Peak Cons.) (07527722) Field, Bethany (Pettit 6170) (07527527) Field, Harrison County, Texas. The Commission unanimously denied the motion for rehearing.

7. O&G 03-0251356: Jefferson Block 24 Oil & Gas LLC, Application for a reduction in financial, assurance requirements pursuant to Statewide, Rule 78(g) for certain wells located in Block 24-L, Offshore Jefferson County, Texas. The Commission unanimously approved the application.

8. O&G 01-0248154: SHWJ Oil & Gas Co., Inc., Enforcement action regarding the Pollok Gas Unit No. 1 (000227) Lease, Well No. 1, Fashing (Edwards Lime -A-) (30379500) Field, Atascosa County, Texas. Violation of Rules 14(b)(2) and 14(b)(3). The Commission unanimously approved the enforcement order.

9. O&G 01-0249369: SHWJ Oil & Gas Co., Inc., enforcement action regarding the Styles, P. A. (03332) Lease, Well Nos. 1 & 2, Luling-Branyon (55679001) Field, Brown, R.E., Jr. et ux (05605) Lease, Well No. 1, Salt Flat (79905001) Field, Caldwell County, Texas. Violation of Rules 13(b)(1); 14(b)(2); and 14(b)(3). The Commission unanimously approved the enforcement order.

**AGREED ENFORCEMENT ORDERS**

The Commission unanimously approved the following agreed orders:

10. LP-Gas Docket No. 1896: Terry's Air Co. enforcement action for violation of LP-Gas Safety Rule §9.13, at Paint Creek ISD, Haskell, Haskell County, Texas.

11. LP-Gas Docket No. 1904: Independent Propane Co. enforcement action for violation of LP-Gas Safety Rule §9.135, at V. Lois Dodd residence, 4308 Lane Ave., Alvin, Brazoria County, Texas.

12. LP-Gas Docket No. 1915: Amerigas Propane, L.P. enforcement action for violation of LP-Gas Safety Rule §9.132, Burluson, Johnson County, Texas

13. LP-Gas Docket No. 1916: Glo-Flame Butane, Inc. enforcement action for violation of LP-Gas Safety Rule §9.135, at Liberty Baptist Church, Arp, Smith County, Texas.

14. GUD Docket No. 9727: Atmos Energy Corp., Mid-Tex Division enforcement action for violation of Pipeline Safety Regulation 49 CFR §192.703(c), at the Harrold System, Vernon, Wilbarger County, Texas.

15. GUD Docket No. 9728: Chaparral Energy, L.L.C. enforcement action for violation of Pipeline Safety Rule §8.101(b), relating to Pipeline Integrity Assessment and Management Plans, in Aransas County, Texas.

**MINUTES – JULY 17, 2007**

16. O&G 03-0246925: D&L Operating, enforcement action regarding the Gutowsky (20173) Lease, Well No. 01, Raccoon Bend (Miocene Z) (74106560) Field, Austin County, Texas. Violation of Rules 14(d)(8) and 14(d)(12).
17. O&G 09-0249577: Energy Group of America, Inc. enforcement action regarding the Oliver (25655) Lease, Well Nos. 6, 7, 10, 27, 39, 45, 52, 61 & 62, Archer County Regular (03446001) Field, Archer County, Texas. Violation of Rules 8(d)(1); 3(2) and (3); 46(j); and 8(d)(4)(G)(i)(III).
18. O&G 09-0250722: Energy Group of America, Inc. Enforcement action regarding the Brown (07311) Lease Tank Battery, Young County Regular (99480001) Field, Young County, Texas. Violation of Rules 8(d)(1) and 21(j).
19. O&G 8A-0250450: Platinum Exploration Inc., enforcement action regarding the Jones Heirs "C" (68618) Lease, Well No. 04, Jones Ranch, South (San Andres), (47191900) Field, Gaines County, Texas. Violation of Rules 14(b)(2); 14(b)(3); and 3(2).
20. O&G 09-0251965: Quicksilver Resources Inc., Enforcement action regarding the C.R. Putteet Unit Lease Well 1H (0634852) Permit, Newark, East (Barnett Shale) (65280200) Field, Hood County, Texas. Violation of Rule 5(c).
21. O&G 09-0251279: Birdwell, Mike Oil Co., enforcement action regarding the Denny, Earle "A" (22468) Lease, Well No. 10A, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rule 9(12).
22. O&G 03-0246964: Atasca Resources, Inc., enforcement action regarding the Lehman Unit (02920) Lease, Well No. 01, Magnet Withers, E. (Frio) (56689200) Field, Wharton County, Texas. Violation of Rule 14(b)(2).
23. O&G 09-0251476: Spiller Oil & Gas Company, enforcement action regarding the Simpson (18932) Lease, Well No. 02, Lucky Ridge, SW. (2100) (55531700) Field, Jack County, Texas. Violation of Rules 14(B)(2); 3(1), (2), and (3); and 9(12).
24. O&G 09-0249548: K.W. Oil Ventures, LLC., enforcement action regarding the Canan (18949) Lease, Well Nos. 4, 9 & 11, Archer County Regular (03446001) Field, Archer County, Texas. Violation of Rules 8(d)(1) and 3(1), (2), and (3).
25. O&G 01-0248247: Tejones Operating Corporation, Enforcement Action Regarding the (841338) Operator McCollum, Allen W. et ux (05315) Lease, Well No. 01, Luling, West (Austin-Buda) (55672500) Field, Caldwell County, Texas. Violation of Rules 14(b)(2); 14(b)(3); and 8(d)(1).
26. O&G 03-0251280: Bommer Engineering Co., enforcement action regarding the Thomas Holsworth Lease Well No. 1, (0627212) Permit, Collegeport (4220) (19637970) Field, Matagorda County, Texas. Violation of Rule 8(d)(1).
27. O&G 09-0249006: IPACT, enforcement action regarding the White (05496) Lease, Well Nos. 2, 2A, 3W, & 4A, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rules 14(b)(2); 14(b)(3); and 3(2) and (3).

**MINUTES – JULY 17, 2007**

28. O&G 09-0251229: Campsey Minerals, enforcement action regarding the Dobson (23492) Lease, Well No. 02, Jade (Weir) (45477500) Field, Jack County, Texas. Violation of Rules 14(b)(2); 46(i) and 46(j).

29. O&G 06-0250809: SDG Operating Company, Inc. Enforcement action regarding the Redtown Ranch Lease, Well No. 2 (0626933) Permit, Wildcat Field, Anderson County, Texas. Violation of Rule 8(b)(2)(G)(i).

30. O&G 01-0249639: Caltex Energy Co., enforcement action regarding the Henderson (05059) Lease, Well Nos. 1 & 1H, Pearsall (Austin Chalk) (69981125) Field, Frio County, Texas. Violation of Rule 14(b)(2).

31. O&G 01-0236026: Premier Minerals, Inc, enforcement action regarding the Larry Lease Well No. 1-B (0504001) Permit, Wildcat Field, Dimmit County, Texas. Violation of Rule 14(b)(2); 3(1), (2), and (3); 16(a); and 22(b)(1).

32. O&G 09-0251308: Reichmann Petroleum Corp., enforcement action regarding the McCutchin Lease Well No. 1H (0608591) Permit, Newark, East (Barnett Shale) (65280200) Field, Denton County, Texas. Violation of Rule 13(b)(2).

**OIL AND GAS UNPROTESTED**

**CONSENT AGENDA**

The Commission unanimously approved the following applications:

33. O&G 02-0251730: El Paso E & P Company, L. P., to amend the field interval for the Renger, (Wilcox 12600) Field, Lavaca County, Texas.

34. O&G 03-0250695: Square Mile Energy, LLC, to consider temporary field rules (including an, MER) and field balancing, Big Hill Bayou, (H-4) Field, Jefferson County, Texas

35. O&G 03-0251791: KCS Resources, Inc., to consider consolidation of the Magnet Withers, (F- 2, East), Magnet Withers (F- 5, East), Magnet Withers (F- 7-B, East), Magnet Withers, (F- 7-C, East), Magnet Withers (F- 8, East), Magnet Withers (F- 9, East), Magnet Withers, (F-1B,east), Magnet Withers (F-10, East), Magnet Withers (F-11-A, East), Magnet Withers, (F-11-B, E.), Magnet Withers (F-11-C, E.), Magnet Withers (F-12, E.), Magnet Withers, (F-13, E.), Magnet Withers (F-14, East), Magnet Withers (F-15, E.), Magnet Withers, (F-16, E.), Magnet Withers (F-17, E.), Magnet, Withers (F-18, East), Magnet Withers (F-18B, East), Magnet Withers (F-19, East), Magnet, Withers (F-20, East), Magnet Withers (F-20B, E.), Magnet Withers (F-20B, E., Up.), Magnet, Withers (F-21, East), Magnet Withers (F-23, East), Magnet Withers (F-24-A, East), Magnet, Withers (F-24-B, East), Magnet Withers (F-25, E.), Magnet Withers (F-26 East), and Magnet, Withers (F-26 East, Up) Fields, and to adopt field rules for the resulting consolidated, field, Wharton County, Texas.

36. O&G 04-0250844: Brigham Oil & Gas, L.P., to amend the field rules, Triple Crowne, (Vicksburg) Field, Brooks County, Texas.

**MINUTES – JULY 17, 2007**

37. O&G 04-0251155: Newfield Exploration Company, to consider a new field designation for the Hellen Mineral Properties Lease, Well No. 1, and to consider a two-factor allocation formula for the proposed La Mota, Ranch (Queen City) Field, Jim Hogg County, Texas.
38. O&G 05-0251007: Chesapeake Operating, Inc., to consider an exception to SWR 10 for all wells on its Bonner Lease to downhole commingle production from the Loper (Bossier), Loper (Cotton Valley Lime) and Stewards Mill, (CV Consolidated) Fields, Freestone County, Texas.
39. O&G 06-0251714: Ensign III Energy Mgmt, LLC, to consider temporary field rules for the Map Boys (Rodessa) (57279500) Field, Smith County, Texas.
40. O&G 06-0251715: Enduring Resources, LLC, to consider a blanket Rule 10 Exception for, downhole commingling authority for all current and future wells on all leases they operate, Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons.) Fields, Rusk and Panola, Counties, Texas.
41. O&G 06-0252140: El Paso E & P Company, L. P., to consider an exception to SWR 10 to downhole commingle in the Viper 4 Lease, Well No. 1, Minden (Cotton Valley Cons.) and Minden (Travis Peak Cons.) Fields, Rusk County, Texas.
42. O&G 08-0251527: Chesapeake Operating, Inc., to consider permanent field rules for the Two Georges (Bone Spring) (92100050) Field, Loving County, Texas.
43. O&G 08-0251622: Four C Oil & Gas Corp., to consider increased net gas-oil ratio for its Lehn (37407) Lease, Well No. 2, S.E.G. (Wichita-Albany) (79227500) Field, Pecos County, Texas.
44. O&G 08-0251625: Sandridge Energy, Inc., to consolidate the Algerita (Ouachita, Caballos), Bitterweed, Bitterweed, S., (Caballos), Elsinore (Caballos), Ocotillo, (Caballos), Pinon (Caballos), Rio Caballos, (Caballos), Sabino (Caballos), and Verbena, (Tesnus) fields into the Pinion (Overthrust), Field, and to establish permanent field rules and a correlative interval for the field, Pecos County, Texas (Order Nunc Pro Tunc).
45. O&G 08-0252161: Energen Resources Corporation, to consolidate the Martin (Wolfcamp) Field, into the Martin (Consolidated) Field and adopt a correlative interval and two-factor allocation formula for the consolidated field, Andrews and Howard Counties, Texas.
46. O&G 08-0252162: Energen Resources Corporation, to amend the field rules for the Block 11, (Fusselman) Field, Andrews and Ector Counties, Texas.
47. O&G 09-0251826: Fresh Wind Resources, to consider unitization and secondary recovery, authority for the proposed Southern Gate Caddo, Unit, Knight and O-P-L (Caddo) Fields, Young County, Texas.
48. O&G 10-0251892: American Star Energy & Min. Corp, to consider an exception to the field rules as applied to its Bearkiller Well No. 13, Panhandle Hutchinson County Field, Hutchinson County, Texas.

**MINUTES – JULY 17, 2007**

49. O&G 10-0251893: American Star Energy & Min. Corp, to consider an exception to the field rules as applied to its Bearkiller Well No. 20, Panhandle Hutchinson County Field, Hutchinson, County, Texas.
50. O&G 10-0251894: American Star Energy & Min. Corp, to consider an exception to the field rules and an exception to Statewide Rule 53 to grant testing relief for marginal oil wells as applied to its Whittenburg Lease (04844), Panhandle, Panhandle Hutchinson County Field, Hutchinson County, Texas.
51. O&G 8A-0251769: Roca Operating, Inc., to consider unitization and secondary recovery, authority for the Hunt Waterflood Unit, Wells, South (Spraberry) Field, Dawson County, Texas.
52. O&G 09-0248455: Tribble Hill Ltd. to consider the application pursuant to the mineral interest pooling act for the Devon Energy Operating Co., L.P. Ada Morris Unit Lease, Well No. 7, Newark, East (Barnett Shale) (65280200) Field, Wise County, Texas.
53. O&G 08-0251911: XTO Energy for the recommendation of an EOR Project for the Goldsmith San Andres Lease, Goldsmith Field, Ector County, Texas.
54. O&G 06-0251910: Samson Lone Star LP for the recommendation of a tight gas formation for the Travis Peak Formation, Douglas, W (Travis Peak), Nacogdoches, NW (Travis Peak), and Trawick (Travis Peak) Fields, Nacogdoches County, Texas.
55. O&G 06-0251909: Apache Corporation and Winwell LLC for the recommendation of a tight gas formation for the Travis Peak Formation, Appleby, N (Travis Peak) Field, Nacogdoches and Rusk Counties, Texas.
56. O&G 01-0252110: Newfield Exploration Company for the recommendation of a tight gas formation for the Ellenburger Formation, Four Mills (Ellenburger) Field, Edwards County, Texas.
57. O&G 02-0252108: Hurd Enterprises Ltd for the recommendation of a tight gas formation for the Wilcox Formation, Mission Valley, West (Wilcox G) Field, De Witt and Victoria Counties, Texas.
58. O&G 02-0252107: Hurd Enterprises Ltd for the Recommendation of a tight gas formation for the Wilcox Formation, Mission Valley, West (Wilcox 10600) Field, De Witt and Victoria Counties, Texas.
59. O&G 04-0251907: Greehey & Company Ltd for the recommendation of a tight gas formation for the Frio Formation, Nichols (2950) Field, Hidalgo County, Texas.
60. O&G 08-0251936: Bulldog Operating Company Ltd for the recommendation of a tight gas formation for the Siluro-Devonian Formation, Pamela (Silurian) Field, Reeves County, Texas.
61. O&G 02-0251908: KCS Resources, Inc. and Swift Energy Operating LLC for the recommendation of a tight gas formation for the Wilcox Formation, Austin (Nita) Field), Goliad County, Texas.

**MINUTES – JULY 17, 2007**

62. O&G 03-0251205: Magnum Producing LP for the recommendation of a tight gas formation for the Wilcox Formation, Sealy (Wilcox 10700, South) Field, Austin County, Texas.

63. O&G 04-0252430: Laredo Energy for the recommendation of a tight gas formation for the Wilcox Formation, Haynes (Middle Wilcox Cons.) Field, Zapata County, Texas

**MASTER DEFAULT ORDERS**

The Commission unanimously approved the following default orders:

64. O&G 01-0251386: Rodel Oil & Gas Company, enforcement action regarding the Fussell, J.H. (07879) Lease, Well No. 01, and Tank Battery, Cherokee (Navarro) (17466333) Field, Milam County, Texas. Violation of Rules 3(2); 21(j); and 22(b)(1).

65. O&G 08-0250764: Elliott, O. G. Corporation, enforcement action regarding the Leck, J. B. (15795) Lease, Well No. 02, Scarborough (81392001) Field, Winkler County, Texas. Violation of Rules 8(d)(1) and 8(d)(2).

66. O&G 09-0251220: Rockoil Energy of Texas., Inc., enforcement action regarding the (723451) Operator McClure (091638) Lease, Well No. 1, Jacksboro, E. (Conglomerate Gas), (45376666) Field, Jack County, Texas. Violation of Rules 14(b)(2); 14(b)(3); and 3(1) and (2).

**OFFICE OF GENERAL COUNSEL-RULES**

**PROPOSAL**

67. Amendment of 16 Tex. Admin. Code §9.10, relating to Rules Examination; §13.70, relating to Examination Requirements and Renewals; and §14.2019, relating to Certification Requirements to increase the fees charged for employee-level and management-level LPG, CNG, and LNG examinations. The Commission unanimously approved publishing the proposed rules for a 30-day public comment period.

68. Amendment of 16 Tex. Admin. Code §§12.147, 12.309, 12.337, 12.395, 12.681, 12.682, 12.688, 12.689, 12.693, and 12.816, relating to Reclamation Plan: Postmining Land Uses; Terms and Conditions of the Bond; Topsoil: Redistribution; Revegetation: Standards for Success; Public Hearing; Review of Notice of Violation or Cessation Order; Determination of Amount of Penalty; Assessment of Separate Violations for Each Day; Request for Hearing; and Liens. The Commission unanimously approved publishing the proposed rules for a 30-day public comment period.

**ADOPTION**

69. Notice of completion of review and re-adoption of 16 Tex. Admin. Code Chapter 1, relating to Practice and Procedure, in accordance with Texas Government Code, §2001.039. The Commission unanimously approved this item.

70. Notice of completion of review and re-adoption of 16 Tex. Admin. Code Chapter 8, relating to Pipeline Safety Regulations, in accordance with Texas Government Code, §2001.039. The Commission unanimously approved this item.

**MINUTES – JULY 17, 2007**

71. Notice of completion of review and re-adoption of 16 Tex. Admin. Code Chapter 20, relating to Administration, in accordance with Texas Government Code, §2001.039. The Commission unanimously approved this item.

**OTHER**

72. Preliminary list of rulemakings necessary to implement legislation enacted by the Texas Legislature, 80th Session (2007). The Commission unanimously agreed to move forward with these rulemakings.

**ADMINISTRATIVE MATTERS**

**EXECUTIVE OFFICE**

73. Discussion of Fiscal Year 2008 Operating Budget. The Commission deferred this item to August 8, 2007.

**PERSONNEL DIVISION**

74. Fiscal Year 2008 Agency-Wide Certificate for the Drug Free Work Place Policy, in compliance with federal grant conditions under the Drug-Free Workplace Act of 1988. This item was unanimously approved.

**AFRED**

75. Forklift Initiative Program: letter to the Texas Commission on Environmental Quality requesting an extension of the Railroad Commission's Texas Emissions Reduction Program grant. The Commission unanimously approved and signed the letter.

**SAFETY DIVISION**

76. Approval to initiate rulemaking to implement changes to the pipeline safety regulations regarding natural gas gathering, accident reporting, and adoption of federal pipeline safety amendments. This item was deferred to the August 14, 2007 conference.

77. Initiation of rulemaking to implement routine updating of agency rules for clarifying and amending requirements in 16 TAC; Chapter 9, LP-Gas Safety Rules. This item was deferred to the August 14, 2007 conference.

**OIL AND GAS DIVISION**

78. Transmittal letter to the Governor for the Commissioner's signature, to be included in the 2006 Annual Report. The Commission approved and signed the transmittal letter.

79. Authority to award an extended service contract for plugging wells with State funds, requisition number 455-7-0910, 41 wells located in Duval County, Texas (District 04); estimated value \$358,290. The Commission unanimously approved the extended service contract.

80. Authorization of contingent award for environmental remediation services contract to Quality Transport Inc. (684523), Big Spring Dumpsite, Unknown Field, Howard County, Requisition No. 455-7-1381. This item was pulled and no action was taken.

**COMMISSIONERS**

**Commissioner Williams**

81. Acknowledgment of a gift from TXU to assist in sequestering CO2 captured by a clean coal project. The Commission unanimously acknowledged the gift.

**Chairman Jones**

82. Election of the Chairman of the Railroad Commission. The Commission unanimously voted to elect Commissioner Michael L. Williams as Chairman of the Railroad Commission.

**PUBLIC INPUT**

83. 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 10:45 am.