

**RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTIONS
SEPTEMBER 11, 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, September 11, 2007, 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

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. This item was deferred to a later conference.
2. GUD No. 9732: Atmos Energy Corp., Mid-Tex Division, gas cost review in compliance with GUD Nos. 8664 and 9400. The Commission unanimously deferred this item to the next conference.
3. GUD No. 9726: Application of Atmos Pipeline-Texas for Test Year 2006 annual interim rate adjustment for the pipeline system. The Commission unanimously approved this item and denied the appeals of Atmos Texas Municipalities (ATM) Cities.
4. GUD No. 9734: Application of Atmos Energy Corp., Mid-Tex Division, for Test Year 2006 annual interim rate adjustment for the environs areas. The Commission unanimously approved the application.

GAS SERVICES UNPROTESTED

5. GUD No. 9751: Application of Atmos Energy, West Texas Division, for Test Year 2006 annual interim rate adjustment program for the Lubbock Rate Division - Environs Customers. The Commission unanimously approved the order extending the deadline to November 15, 2007.

SURFACE MINING AND RECLAMATION

6. Docket No. C5-0015-SC-04-B: Application by TXU Mining Company LP dba Luminant Mining, for Revision No. 3, Permanent Structures, Permit No. 4I, Martin Lake Mine, Panola and Rusk Counties, Texas. This application was unanimously approved.

OIL AND GAS PROTESTED

7. O&G 09-0249853: Hess, Jerry Operating Co. Commercial application for a permit to dispose of oil and gas waste by injection into a porous formation not productive of oil or gas, Hwy 51 Disposal Lease, Well No. 1, Cooke County Regular (20350001) Field, Cooke County, Texas. Commissioner Jones and Commissioner Carrillo voted to reopen this case for a limited purpose. Chairman Williams voted no.

8. O&G 09-0250798: Whitehead Prod. Co., Inc. commercial application to dispose of oil and gas waste by injection into a porous formation not productive of oil or gas, Harper Lease, Well No. 1, Newark, East (Barnett Shale) Field, Hill County, Texas. The Commission unanimously approved this application.

9. O&G 03-0251941: Davidson, Grover R. application for a reduction in the amount of financial assurance required pursuant to Statewide Rule 78(g) for its operations in the State of Texas. The Commission unanimously approved the application.

10. O&G 08-0250700: Solis, Joel G. to consider the application of Joel G. Solis dba Raider Oil & Gas Company to supercede the provisions of the orders entered on May 16, 2006, in Docket No. 08-0244257, requiring the plugging of Well No. 1 on the DQ-18 (34276) Lease, Shipley (Queen Sand) (83292500) Field, and Well No. 1 on the Sabine Royalty et. al. (22365) Lease, White Horse (Cl. Fk. 2900) Field, and in Docket No. 08-0244540, requiring the plugging of Well No. 1 on the Slavin (29433) Lease, Lehn-Apco (1600) Field, Crane County, Texas. The Commission unanimously denied the application.

11. O&G 09-0248079: Sanco Operating Company enforcement action regarding 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); and 8(d)(1) and (2). The Commission unanimously denied the motion for rehearing.

AGREED ENFORCEMENT ORDERS

The Commission unanimously approved the following agreed orders:

12. LP-Gas Docket No. 1819: Brother Enterprises, Inc. dba E. Z. 4. U. Food Mart, enforcement action for violation of LP-Gas Safety Rule §9.7(f), at E. Z. 4. U. Food Mart, 6114 Root Rd., Spring, Texas, Harris County, Texas.

13. LP-Gas Docket No. 1823: Ferrellgas, L.P. dba Econogas enforcement action for violation of LP-Gas Safety Rule §9.36, on Springtown Rd., east of Temple, Texas, and LP-Gas Safety Rule §9.135, at 198 Bourbon Street Restaurant, 802 S. Gun Barrel Lane, Gun Barrel City, Henderson County, Texas.

14. LP-Gas Docket No. 1831: Ferrellgas, L.P. dba Econogas enforcement action for violation of LP-Gas Safety Rule §9.125, at Armstrong Ranch, Hwy 77 N., Kenedy County, Texas.

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15. LP-Gas Docket No. 1917: Clayton Wayne Oldham dba Clayton Oldham Plumbing & Cooling enforcement action for violation of LP-Gas Safety Rule §9.13 (Tex. Nat. Res. Code §113.081(a)(2)), at Curtis Kennedy residence, in San Angelo, Tom Green County, Texas.

16. O&G 05-0250029: Sulphur River Exploration, Inc. enforcement action regarding (828880) Operator, Lefevre, J.C. GU (128047) Lease, Well No. 1A, Currie (Smackover) (22282500) Field, Navarro County, Texas. Violation of Rule 14(b)(2).

17. O&G 09-0249544: RB Energy, Ltd. enforcement action regarding Hoge, George (17594) Lease, Well No. 01, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rule 14(b)(3).

18. O&G 01-0251368: Caltex Energy Co. enforcement action regarding Alley, D.S. Est. (08612) Lease, Well Nos. 8, 9 & 15, Kaye (Navarro) (48380333) Field, Wilson County, Texas. Violation of Rule 14(b)(2).

19. O&G 09-0251295: 4-J Oil Co. enforcement action regarding Dorris (12234) Lease, Well Nos. 4 & 6, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rules 16(b) and 46(j).

20. O&G 04-0250035: Omega Energy Corp. enforcement action regarding Spencer-Kent-Crane (052510) Lease, Well No. 9, Spencer-Kent-Crane (114515) Lease, Well No. 1, Fulton Beach (B-2) (33297440) Field, Aransas County, Texas. Violation of Rule 14(b)(2) and (3).

21. O&G 09-0251222: Exit Oil & Gas enforcement action regarding Red Baron (30011) Lease, Well No. 01, Newark, East (Barnett Shale) (65280200) Field, Montague County, Texas. Violation of Rule 14(b)(2) and (3).

22. O&G 02-0252522: Britanco, L.L.C. enforcement action regarding Goehring, Richard (000999) Lease, Well No. 1 C, Brandt NW.(Reklaw) (11385666) Field, Goliad County, Texas. Violation of Rule 14(b)(2) and (3).

23. O&G 08-0241992: Imperial Gas Resources LLC enforcement action regarding Mauer, R. (193889) Lease, Well No. 2, Mauer, R. (191100) Lease, Well No. 3, Mauer, R. (195516) Lease, Well No. 6, T.C.I. West (Seven Rivers) (87890700) Field, Pecos County, Texas. Violation of Rules 16(a); 73(g); 5(a); and 10(a).

24. O&G 09-0251960: Dune Operating Company enforcement action regarding Foster Lease Well No. 1 (0633558) Permit, Newark, East (Barnett Shale) (65280200) Field, Denton County, Texas. Violation of Rule 8(d)(1).

25. O&G 06-0251673: Complete Vacuum and Rental LLP enforcement action regarding (169796) Operator, Wayne Tipps SWD (225736) Lease, Well No.1, Shiloh (Pettit, Upper) (83249300) Field, Rusk County, Texas. Violation of Rule 8(d)(1).

26. O&G 09-0251601: Keirus, Inc. enforcement action regarding Seay, J. A. -D- (05213) Lease, Well No. 3D, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rule 46(a) and (j).

OIL AND GAS UNPROTESTED

CONSENT AGENDA

The Commission unanimously approved the following applications:

27. O&G 01-0252397: Texas Energy Services, L.P. to consider the application of Texas Energy Services, L.P. to supercede the provisions of the orders in Oil and Gas Docket No. 01-0246276 issued July 6, 2006, requiring the plugging of the Frost National Bank (12931) Lease, Well No. 1, Pearsall (Austin Chalk) (69981125) Field, Dimmit County, Texas, enabling the applicant to become the operator of record.

28. O&G 02-0252555: Double Play Oil & Gas, Inc. to consider an increased MER for the McNeill North (09001) Lease, Well No. 2, Parktex (Hockley, Lower) (69277333) Field, Live Oak County, Texas.

29. O&G 03-0252358: Manti Operating Company to consider a new field designation for the State Tract 341 Lease, Well No. 1, to be known as the Tarpon SW Field, and to adopt a two-factor allocation formula for the proposed field, Galveston County, Texas.

30. O&G 03-0252554: Magnum Producing, LP to consolidate the Sealy (Newsome), Sealy (Wilcox A-4), Sealy (Wilcox J-2), Sealy (Wilcox K), Sealy (Wilcox L), Sealy (Wilcox M-2), Sealy (Wilcox 8700), Sealy (Wilcox 8800), Sealy (Wilcox 10,400), Sealy (Wilcox 10700), Sealy (Wilcox 10700, South), and Sealy (Wilcox 10,800) Fields, together with any wildcat reservoirs that are found to be production within the requested correlative interval, into a single field to be known as the Sealy (Wilcox Cons.) Field, and to adopt field rules for the proposed consolidated field, Austin County, Texas.

31. O&G 03-0252940: Sanchez Oil & Gas Corporation to consider consolidation of the Village Mills Deep (Wx 12000) (93839490) Field, Village Mills Deep (Wilcox) (93839475) Field, Hickory Creek (9500 Wilcox) (41021600) Field, Hickory Creek (9900 Wilcox) (41021800) Field, Honey (Wilcox 1st) (42450333) Field, Hardin County, Texas.

32. O&G 04-0252361: Exxon Mobil Corporation to Balance the T.-C.-B.. (Lwr Frio-Up Vxbg Field, Kleberg and Jim Wells Counties, Texas.

33. O&G 04-0252597: Sanchez Oil & Gas Corporation to consider consolidation of the West Tiger (7980), West Tiger (Hinnant One), Peters (Wilcox 8700) and Wildcat Fields into the Proposed West Tiger (Wilcox Cons.) Field, adopt a correlative interval, and transfer their Peters a 1721 Well No. 4 (Id No. 225820) into the proposed consolidated field, Duval County, Texas.

34. O&G 05-0251623: Chaparral Energy, L.L.C. to amend the field rules for the Jewett (Pettit) Field, Leon County, Texas.

35. O&G 05-0252506: XTO Energy Inc. to amend the permanent field rules for the Bear Grass (Travis Peak) Field, Leon, Freestone, Limestone and Robertson Counties, Texas.

36. O&G 06-0251701: Samson Lone Star LP to consider suspending the allocation formula for the Trawick (Travis Peak) Field, Nacogdoches and Rusk Counties, Texas.

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37. O&G 06-0252074: XTO Energy Inc. to consider consolidation of the Bethany (Travis Peak 6400, Gas) Field, into the Bethany (Travis Peak Cons.) Field, and to consider field rules for the Bethany (Travis Peak Cons.) Field, Harrison and Panola Counties, Texas.
38. O&G 06-0252236: Goodrich Petroleum Company to consider blanket Rule 10 exception for downhole commingling authority for all current and future wells on all of the leases they operate in the Brachfield, S.E. (Cotton Valley) and the Minden (Travis Peak Cons.) Fields, Panola and Rusk Counties, Texas.
39. O&G 06-0252237: Goodrich Petroleum Company to consider blanket Rule 10 exception for downhole commingling authority for all current and future wells on all of the leases they operate in the Beckville (Cotton Valley) and the Beckville (Travis Peak) Fields, Panola and Rusk Counties, Texas.
40. O&G 08-0251156: Range Production Company to consider an MER for the Glass - G- Lease, Well No. 1414, Conger (Leonard) (20097600) Field, Sterling County, Texas.
41. O&G 08-0251565: Priest Petroleum Corporation to consider consolidation of the Matthews (Brushy Canyon) Field into the Matthews (Lower Cherry Canyon) Field, with the field rules currently in place for the Matthews (Lower Cherry Canyon) Field to be applicable to the consolidated field, Reeves County, Texas.
42. O&G 08-0251626: Sandridge Energy, Inc. to consolidate the Elsinore (Wolfcamp), GMW (Wolfcamp), Goat Roper (Wolfcamp), Grey Ranch (Wolfcamp), Maylaw (Wolfcamp, Basal), and Sierra Madera (Wolfcamp) Fields into the Allison Ranch (Wolfcamp) Field, and to establish permanent field rules and a correlative interval for the field, Pecos County, Texas.
43. O&G 08-0251627: Sandridge Energy, Inc. to consolidate the Abrojo (Multipay) and Elsinore (Multipay) Fields into the Pinon (Multipay) Field, and to establish permanent field rules and a correlative interval for the field, Pecos County, Texas.
44. O&G 08-0251794: Cobra Oil & Gas Corporation to amend the special oil field rules for the Big Spring, W. (Penn) Field, Howard County, Texas.
45. O&G 10-0252228: Pioneer Natural Res. USA, Inc. to consider an exception to SWR 39 and the contiguous acreage requirements for its Bivins Lease, Panhandle, West (Red Cave) Field, Potter and Moore Counties, Texas.
46. O&G 10-0252538: American Star Energy & Min. Corp to Consider an exception to the field rules and an extension to Statewide 53 to grant testing relief for marginal oil wells as applied to its Jaten Star Lease (05533), Panhandle Hutchinson County Field, Hutchinson County, Texas.
47. O&G 10-0252539: American Star Energy & Min. Corp to consider an exception to the field rules as applied to its Bearkiller Well No. 7, Panhandle Hutchinson County Field, Hutchinson County, Texas.

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48. O&G 10-0252540: American Star Energy & Min. Corp to consider an exception to the field rules as applied to its Bearkiller Well No. 30, Panhandle Hutchinson County Field, Hutchinson County, Texas.

49. O&G 7B-0252230: Square One Energy, Inc. to inject fluid into a reservoir productive of oil or gas, Hogtown-Moore Unit, Well Nos. 1102, 1202, 1602, 3109, and 3112, Desdemona Field, Eastland and Erath Counties, Texas.

50. O&G 8A-0251807: Great Western Drilling Company to consider unitization and secondary recovery authority for the proposed Suntura (Lower Clearfork) Unit, Suntura (Lower Clear Fork) Field, Terry County, Texas.

51. O&G 8A-0252137: Forest Oil Corporation to consider a new field designation for the McGowen Lease, Well No. 1, to be known as the Tex-Mex, S.E. (Upper Clearfork) Field; and to consider a two-factor allocation formula for the proposed field, Gaines County, Texas.

52. O&G 8A-0252496: Ace Field Services, Inc. to consider the application of Ace Field Services to supercede the provisions of the orders entered in Docket No. 8A-0231867 issued December 20, 2002, requiring the plugging of Macy Lott 10 Lease and Macy Lott B-10 Lease, Wells No. 1 for the Happy, South (Strawn) (38869550) Field, Garza County, Texas, enabling Ace Field Services to become the operator of record.

53. O&G 02-0253020: Sharon Resources, Inc. to rescind the field rules in the Speaks, Nw. (Wilcox 12,800) Field, Lavaca County, Texas.

54. O&G 04-0253126: Newfield Exploration Company for the recommendation of a tight gas formation for the Wilcox Formation, Roleta (Wilcox Consolidated) Field, Zapata County, Texas.

55. O&G 06-0253125: Southwestern Energy Production Co for the recommendation of a tight gas formation for the Travis Peak Formation, Cecil Cox (Travis Peak) and Gates, East (Travis Peak) Fields, Angelina and Nacogdoches Counties, Texas.

56. O&G 03-0252699: Camden Resources Inc for the recommendation of a tight gas formation for the Wilcox Formation, Provident City, NE (Lwr Wx Cons) Field, Colorado and Lavaca Counties, Texas.

57. O&G 03-0252700: Camden Resources Inc for the recommendation of a tight gas formation for the Wilcox Formation, Provident City, NE (Lwr Wx Cons) Field, Colorado, Wharton, and Lavaca Counties, Texas.

58. O&G 03-0252705: Petrohawk Operating Company for the recommendation of a tight gas formation for the Wilcox LW8 Formation, Wolfpack (Lower Wilcox Cons) Field, Colorado and Lavaca Counties, Texas.

59. O&G 06-0252701: Southwestern Energy Production Co. for the recommendation of a tight gas formation for the Travis Peak Formation, Black Bayou (Travis Peak) Field, Angelina and Nacogdoches Counties, Texas.

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60. O&G 02-0252827: Dan A. Hughes Company LP for the recommendation of a tight gas formation for the Wilcox Formation, Caesar, South (9600) Field, Bee County, Texas.

61. O&G 06-0252826: Southwestern Energy Production Co. for the recommendation of a tight gas formation for the Travis Peak Formation, Shawnee Spring (Travis Peak) Field, Nacogdoches County, Texas.

62. O&G 04-0252825: Kerr-McGee Oil & Gas Onshore LP for the recommendation of a tight gas formation for the Vicksburg Formation, Jeffress (Vicksburg P), Jeffress (Vicksburg Q), Jeffress (Vicksburg S), and Jeffress (Vicksburg T) Fields, Hidalgo County, Texas.

63. O&G 04-0252704: Newfield Exploration Company for the recommendation of a tight gas formation for the Vicksburg Formation, Monte Christo (Vksbg Cons) Field, Hidalgo County, Texas.

64. O&G 01-0252829: Newfield Exploration Company for the recommendation of a tight gas formation for the Ellenburger Formation, Geronimo Creek (Ellenburger) Field, Edwards County, Texas.

65. O&G 04-0252828: Peoples Energy Prod.-Tx-LP for the recommendation of a tight gas formation for the Wilcox Formation, Roleta (7483) Field, Zapata County, Texas.

66. O&G 06-0252698: Goodrich Petroleum Company for the recommendation of a tight gas formation for the Travis Peak Formation, Riverview (Travis Peak) Field, Angelina County, Texas.

67. O&G 04-0253129: Ricochet Energy Inc for the recommendation of a tight gas formation for the Wilcox Formation, Roleta (Wilcox Consolidated) and Roleta (7483) Fields, Zapata County, Texas.

68. O&G 04-0252662: Metano Energy LP for the recommendation of a tight gas formation for the Vicksburg Formation, La Grulla (11300 Sand) Field, Starr County, Texas.

69. O&G 08-0252831: Occidental Permian Ltd. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Foster, H. C. (001611) Lease, Foster (32309001) Field, Ector County, Texas.

70. O&G 06-0252719: Exxon Mobil Corporation for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the H. C. Barker Oil Unit 1 (014191) Lease, Talco (88207001) Field, Franklin County, Texas.

71. O&G 8A-0252832: Occidental Permian Ltd. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Smith, Elsie (061934) Lease, Levelland (53411001) Field, Hockley County, Texas.

72. O&G 7C-0252744: Aries Operating, LP for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Camar, SW (Strawn) Unit (15590) Lease, Camar, SW. (Strawn) (14988250) Field, Schleicher County, Texas.

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73. O&G 7C-0253007: EOG Resources, Inc. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Amacker "66" (015139) Lease, Amacker-Tippett, SW (Wolfcamp) (02220700) Field, Upton County, Texas.

74. O & G 05-0253214: Square One Energy, Inc. for authority pursuant to Statewide Rule 50 to approve or certify an EOR Project for the Kenner-Moncrief Unit (01712) Lease, Corsicana (Shallow) (20823500) Field, Navarro County, Texas.

MASTER DEFAULT ORDERS

The Commission unanimously approved the following default orders:

75. O&G 10-0246079: Tess Oil Company enforcement action regarding Coon (04102) Lease, Well No. 1A, Panhandle Carson County Field (68845001) Field, Carson County, Texas. Violation of Rule 14(b)(2).

76. O&G 09-0250732: Saddle Creek Energy Development enforcement action regarding (743065) Operator, Wilson Lease Well No. 1 (0628399) Permit, Newark, East (Barnett Shale) (65280200) Field, Wise County, Texas. Violation of Rule 8(d)(1).

77. O&G 01-0252216: Sedco Resources Inc. enforcement action regarding Bryan, E.S. (06403) Lease, Well No. 1, Sutil (Buda) (87390500) Field, Wilson County, Texas. Violation of Rules 14(b)(2) and (3) and 3(1) and (2).

OFFICE OF GENERAL COUNSEL-RULES

78. Amendment of 16 Tex. Admin. Code §3.50, relating to Enhanced Oil Recovery Projects-Approval and Certification for Tax Incentive, to incorporate changes made by House Bill (HB) 3732, 80th Legislature (2007), and §3.80, relating to Commission Oil and Gas Forms, Applications, and Filing Requirements, to adopt a new form related to HB 3732, amend Form P-17 and Form P-5LC, and delete Form P-17A, Form W-1X, and the Franchise Tax Certification form. This item was pulled from consideration.

ADMINISTRATIVE MATTERS

AFRED

79. Appointments to the Propane Alternative Fuels Advisory Committee (AFRED Advisory Committee). The Commission unanimously approved the appointments.

GAS SERVICES DIVISION

80. Approval to post a draft of proposed new 16 Tex. Admin. Code §2.5, relating to Informal Complaint Process Regarding Lost or Unaccounted for Gas (LUG), to implement House Bill 1920, on the Commission's web site for informal comment. This item was unanimously approved.

OIL AND GAS DIVISION

81. Authority to award an extended service contract for plugging wells with state funds, requisition number 455-7-0910A, 41 wells located in Duval County (District 04); estimated value \$410,230. The Commission unanimously approved the extended service contract.

82. Devon Energy Production Company LP request for renewal of authorization for pilot project to treat and reuse fracture flow-back fluids from the Barnett Shale. The Commission unanimously approved this item.

83. Well Plugging and Site Remediation Budgets for Fiscal Year 2008. This item was pulled from consideration.

PUBLIC INPUT

34. 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 10:46 am.