

**RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTIONS
OCTOBER 23, 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, October 23, 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

GAS SERVICES UNPROTESTED

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: Request of Atmos Energy Corp., Mid-Tex Division, to return an original bond filed with the Railroad Commission. The Commission unanimously approved release of the bond.

SURFACE MINING AND RECLAMATION

2. Docket No. C5-0029-SC-34-C: Application by Luminant Mining Company LLC (formerly TXU Mining Company LP) for approval of application for renewal/revision of Permit No. 34D, Monticello Winfield Mine, and Issuance of renewed and revised permit as Permit No. 34E, Titus and Franklin Counties, Texas. The Commission unanimously approved the application.

OIL AND GAS PROTESTED

3. O&G 08-0252766: DCP Midstream, LP to consider a sour gas pipeline pursuant to Rule 106, Goldsmith Gathering System/Martin Compressor Pipeline, Andrews County, Texas. The Commission unanimously approved the application.

4. O&G 01-0251053: Aminex USA, Inc. to consider an exception to SWR 21, pertaining to Fire Prevention and Swabbing, Well Nos. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, and 21, Mireles, Jesus (10858) Lease, Somerset (84560001) Field, Atascosa County, Texas. The Commission unanimously approved the application.

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5. O&G 01-0251054: Aminex USA, Inc. to consider an exception to SWR 21, pertaining to Fire Prevention and Swabbing, Well Nos. 8, 10, 13, 14, 18, 21, 24, 25, 26, 27, 28, and 29, Nichols, Lucy (10856) Lease, Somerset (84560001) Field, Atascosa County, Texas. The Commission unanimously approved the application.
6. O&G 01-0251055: Aminex USA, Inc. to consider an exception to SWR 21, pertaining to Fire Prevention and Swabbing, Well Nos. 1A, 2A, 3A, 4A, 5A, 6A, 7A, 8A, 9A, 10A, 11A, 12A, 13A, 14A, 15A, 16A, 17A, 18A, 19A, 20A, 21A, 22A, 23A, and 24A, Wiemers, C.T. -A- (11211) Lease, Somerset (84560001) Field, Atascosa County, Texas. The Commission unanimously approved the application.
7. 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). The Commission unanimously denied the motion for rehearing.
8. O&G 0253549: Devon Energy Production Co.'s appeal of staff ruling that exception to Statewide Rule 37 for Well No. 1H, Sewell B- Currie (SA) Production Sharing Agreement Unit, Newark, East (Barnett Shale) Field, Wise County could not be approved administratively without notice to affected interests. Commissioner Carrillo and Commissioner Jones voted to grant the interim appeal. Chairman Williams voted no.

AGREED ENFORCEMENT ORDERS

The Commission unanimously approved the following agreed orders:

9. LP-Gas Docket No. 1756: Acetylene Oxygen Company enforcement action for violation of LP-Gas Safety Rules §9.12(a)(1) and §9.136(a) at Houston, Harris County, Texas.
10. LP-Gas Docket No. 1928: Ferrellgas, L.P. enforcement action for violation of LP-Gas Safety Rule §9.17(d)(1), at Double D Foods & Fuel #5, 407 E. Tyler, Mexia, Texas, Limestone County, Texas.
11. O&G 09-0251287: L-R Production enforcement action regarding Calvin, O. (01337) Lease, Well Nos. A2, A7, & A9, Wainwright (Gunsight) (94670500) Field, Archer County, Texas. Violation of Rules 14(b)(2), 14(b)(3), and 46(j).
12. O&G 09-0251291: Ames, Adrian enforcement action regarding Obenhaus -C- (05533) Lease, Well No. 15, Obenhaus -E- (10570) Lease, Well No. 1, Wichita County Regular (97155001) Field, Wichita County, Texas. Violation of Rules 14(b)(2) and 46(j).
13. O&G 09-0251607: Rife Energy Operating, Inc. enforcement action regarding McCoy Lease, Well No. 2 (0552485) Permit, St. Jo Ridge (Barnett Shale) (79656050) Field, Montague County, Texas. Violation of Rules 16(b).
14. O&G 01-0251371: Lewis Petro Properties, Inc. enforcement action regarding Cooke -A- (050712) Lease, Well No. 3 C, Cooke (Carrizo 3600) (20336125) Field, Cooke -A- (050713) Lease, Well No.3 T, Cooke (Wilcox 4100) (20336625) Field, La Salle County, Texas. Violation of Rules 14(b)(2), 14(b)(3), 3(2).

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15. O&G 09-0252919: Midwestern Energy enforcement action regarding Aminex -A- (19452) Lease, Well Nos. 1D, 4, 8A, 9, 10, 11, A 1, A 2, & A 3, Archer County Regular (03446001) Field, Archer County, Texas. Violation of Rules 14(b)(2), 14(b)(3), 3(3).

16. O&G 7B-0252406: Whitt Oil & Gas, Inc. enforcement action regarding Greta Ellis "D" (158079) Lease, Well No. 4001, Shackelford County Regular (Gas) (82522025) Field, Ellis, Greta "D" (14836) Lease, Well No. 1, Shackelford County Regular (82522001) Field, Shackelford County, Texas. Violation of Rule 14(b)(2).

17. O&G 02-0250794: Sure Flow Oil & Gas, Inc. enforcement action regarding Butler, B. C. (059764) Lease, Well No. 1, McCaskill (Wilcox Slick 7400) (58932904) Field, Butler, B.C. (127688) Lease, Well No. 2, McCaskill (Wilcox MF-1) (58932225) Field, Karnes County, Texas. Violation of Rules 14(b)(2), 14(b)(3), and 3(1) and (2).

18. O&G 02-0250795: Sure Flow Oil & Gas, Inc. enforcement action regarding Butler, B. C. et al. (054176) Lease, Well No. 4 L, McCaskill (Wilcox L-3) (58932133) Field, Butler, B. C. et al. (054177) Lease, Well No. 4 M, McCaskill (Wilcox M-7) (58932625) Field, Butler, B. C. et al. (054178) Lease, Well No. 4 U, McCaskill (Wilcox N-1) (58932875) Field, Karnes County, Texas. Violation of Rules 14(b)(2), 14(b)(3), and 3(1) and (2).

OIL AND GAS UNPROTESTED

CONSENT AGENDA

The Commission unanimously approved the following applications:

19. O&G 06-0252925: Penn Virginia Oil & Gas, L.P. to amend the gas field rules for the Woodlawn (Cotton Valley) (98563083) Field, Harrison and Marion Counties, Texas.

20. O&G 03-0252995: Hilcorp Energy Company for permanent gas well classification for its Reid, D. Lease, Well No. 1; or, in the alternative, for an associated prorated status for all wells, Vidor Ames (Yegua EY) Field, Orange County, Texas.

21. O&G 04-0252721: Durango Resources Corp. to consolidate the Richard King, Richard King (1370), Richard King (3900), Richard King (4000), Richard King (4100), Richard King (4200), Richard King (4300), Richard King (4400), Richard King (4900), Richard King (5000), Richard King (5050), Richard King (5080), Richard King (5175), Richard King (5230), Richard King (5280), Richard King (5300 L), Richard King (5340), Richard King (5350), Richard King (5400 A Upper), Richard King (5400 Upper), Richard King (5430), Richard King (5500), Richard King (5530), Richard King (5550), Richard King (5570), Richard King (5600 Upper), Richard King (5700 Koehler), and Richard King (5800) Fields into a single field, to adopt permanent field rules and to balance the consolidated field, Nueces and Jim Wells Counties, Texas.

22. O&G 06-0252924: Penn Virginia Oil & Gas, L.P. to amend the gas field rules for the Woodlawn, SW. (Cotton Valley) (98570400) Field, Harrison County, Texas.

23. O&G 06-0253098: JLA Resources Company to consider the cancellation of overproduction for the Temple Inland (13622) Lease, Anwac (1400 Wilcox) (03203500) Field, Anderson County, Texas.

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24. O&G 10-0253069: EOG Resources, Inc. to consider a net gas-oil ratio for Price Trust 604 (07736) Lease, Well No.1h, Wolfcreek (Atoka) (98387300) Field, Lipscomb County, Texas.

25. O&G 8A-0252929: Citation Oil & Gas Corp. to amend the field rules, Newsome (Yates) Field, Gaines County, Texas.

26. O&G 7C-0253744: Sonoran Energy Inc. for administrative rescission of the field rules in the K.W.B. (Canyon) and K.W.B. (Canyon, Upper) Fields, Tom Green County, Texas.

27. O&G 8A-0253370: XTO Energy Inc. to amend the field rules for the Russell, North (Devonian) Field, Gaines County, Texas.

28. Approval of the claim by Robert L. Cook dba Patriot Energy, Inc. against the proceeds from the sale of salvage recovered during State-funded plugging operations on the following well: Patriot Energy, Inc. (643353), Whittenburg Lease (01866), Wells No. 1-12, Panhandle Hutchinson County Field, Hutchinson County, Texas; State-funded plug code 10-9014.

MASTER DEFAULT ORDERS

29. O&G 02-0252223: Tejas Operating LLC enforcement action regarding Matthews-Kuester (171759) Lease, Well No. 7, Helen Gohlke (Yegua K) (40231429) Field, De Witt County, Texas. Violation of Rules 14(b)(2) and 14(b)(3).

30. O&G 7B-0245518: Roco Petroleum, Incorporated enforcement action regarding McCord, J. B. "C" (081254) Lease, Well No. 1, Jim B. Gray (46380300) Field, Coleman County, Texas. Violation of Rule 14(b)(2).

31. O&G 7B-0252405: Vanguard Production Company enforcement action regarding Rogers, Luther (087915) Lease, Well No. 3, Double Trouble (Congl) (25787200) Field, Callahan County, Texas. Violation of Rules 14(b)(2) and 3(1) and (2).

OFFICE OF GENERAL COUNSEL-RULES

32. Amendment of 16 Tex. Admin. Code §8.201, relating to Pipeline Safety Program Fees, to implement the requirements of House Bill 1, 80th Legislature (2007), Article VI, Railroad Commission Rider 11, which makes the 2008-2009 biennium appropriation for the safety program and the underground pipeline damage prevention program contingent upon the Commission increasing the pipeline safety fee; GUD No. 9737. The Commission unanimously adopted the rule.

33. Amendment of 16 Tex. Admin. Code §9.26, relating to Insurance and Self-Insurance Requirements; §13.62, relating to Insurance Requirements; and §14.2031, relating to Insurance Requirements, to clarify insurance certification standards and amend related forms; LPG Docket No. 1921. The Commission unanimously adopted the rule.

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34. Amendment of 16 Tex. Admin. Code §12.108, relating to Permit Fees, to implement the requirements of House Bill 1, 80th Legislature (2007), Article VI, Railroad Commission Rider 10, which makes the 2008-2009 biennium appropriation contingent upon the Commission assessing fees sufficient to generate revenue to cover the cost of permitting and inspecting coal mining facilities; SMRD Docket No. 2-07. The Commission unanimously adopted the rule.

35. 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; SMRD Docket No. 1-07. The Commission unanimously adopted the rule.

ADMINISTRATIVE MATTERS

COMMISSIONERS

Chairman Williams

36. Briefing on the Natural Gas Outlook for Winter 2007-2008, by Chairman Williams, Gas Services Division Staff, and Industry. The Commission was briefed and no formal action was necessary.

PUBLIC INPUT

37. 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 11:20 am.