

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

OIL AND GAS DOCKET NO. 04-0241866

COMMISSION CALLED HEARING ON THE COMPLAINT OF THE BRAD COLEMAN, TRUSTEE FOR STANDARD TRUST REGARDING THE VALIDITY OF THE PERMITS ISSUED FOR THE H.A. SULTENFUSS (11603) LEASE, WELL NO. 1 AND THE OLIVIA SCHNITZ (12863) LEASE, WELL NO. 1, ESTES COVE FIELDS, ARANSAS COUNTY, TEXAS AND REQUEST THAT THE WELLS BE SHUT-IN BY THE CURRENT OPERATOR MAGNUM PRODUCING, L.P.

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on March 30, 2006, the examiner has made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record, and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the proposal for decision and the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the Findings of Fact and Conclusions of Law contained therein and incorporates said Findings of Fact and Conclusions of Law as if fully set out and separately stated herein.

It is **DETERMINED** by the Railroad Commission of Texas that Permit No. 357132 issued by the Commission on March 16, 1989 for the H.A. Sultenfuss (11603) Lease, Well No. 1 was **VOID AB INITIO** due to the failure to provide notice to the affected offset mineral interest owner prior to the issuance of the permit as required by Statewide Rules 37 and 38.

It is further **ORDERED** that Magnum Producing, L.P. shall immediately shut-in the H.A. Sultenfuss (11603) Lease, Well No. 1 until such time as it obtains a valid permit for the well.

It is further **DETERMINED** by the Railroad Commission of Texas that Permit No. 479494 issued by the Commission on August 27, 1999 to Magnum Producing, L.P. for the Olivia Schnitz (12863) Lease, Well No. 1 was **VOID AB INITIO** due to the failure to provide notice to the affected offset mineral interest owner prior to the issuance of the permit as required by Statewide Rule 38.

It is further **ORDERED** that Magnum Producing, L.P. shall immediately shut-in the Olivia Schnitz (12863) Lease, Well No. 1 until such time as it obtains a valid permit for the well.

Each exception to the examiner's proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order 3 days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest within such 20-day period after the party's presumed notice, this order shall not become final until such motion is overruled, or if rehearing is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order in accordance with TEX. GOV'T CODE §2001.144.

Done this 5th day of December, 2006.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN ELIZABETH A. JONES

COMMISSIONER MICHAEL L. WILLIAMS

COMMISSIONER VICTOR G. CARRILLO

ATTEST:

SECRETARY