

RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0285165

APPLICATION OF SAM H. BRANDER TO CONSIDER EXCEPTIONS TO STATEWIDE RULE 21 TO PRODUCE BY SWABBING, BAILING, OR JETTING FOR VARIOUS WELLS ON VARIOUS LEASES IN THE SOMERSET FIELD, BEXAR COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice, the captioned proceeding was heard by the examiners on February 11, 2014. This proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas. The Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. At least 10 days notice of this proceeding was given to all parties entitled to notice.
2. Applicant Sam H. Brander ("*Brander*") appeared at the hearing and presented evidence. Brander has waived the issuance of a proposal for decision in this docket and has agreed that this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.
3. Brander filed his first Form P-5 Organization Report with the Commission on June 11, 2010, and filed his most recent Organization Report on April 11, 2013. Currently, Brander is the designated operator of record of 30 wellbores with total depth of 46,352 feet.
4. Brander has filed blanket financial assurance in the form of a \$50,000 bond.
5. Brander requests that the Commission grant exceptions to Statewide Rule 21 to allow him to produce the following wells (collectively, the "*Wells*") on the following leases (collectively, the "*Leases*") by bailing: the Applewhite, Sam (RRC No. 11714) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 18; and the Mullens (RRC No. 11597) Lease, Well Nos. 1, 2, 3, and 4.
6. Brander became operator of record of the Wells and Leases by filing Forms P-4 (Certificate of Compliance and Transportation Authority), which were approved on November 18, 2013, and effective on September 1, 2013. The previous operator of the Wells and Leases was Tejones Operating Corporation.
7. Brander amended his application after hearing to remove the Elliott, B. (RRC No. 11596) Lease from consideration in this docket number.

8. Each of the Leases has its own tank battery. Oil produced into the mobile bailing unit will be transferred into the tank battery for the appropriate lease.
9. Granting of the requested exceptions to Statewide Rule 21 is necessary to prevent waste.
 - a. Granting the requested exceptions will allow Brander to produce oil that otherwise would not likely be produced.
 - b. The Wells are not equipped to be produced by pumping. The pumps, pipes, motors, and flow lines were removed before Brander became the operator of record. Re-equipping the Wells for production by pumping would be economically impracticable given the volume of oil that could be produced.
10. Wellhead control is sufficient to prevent releases from the Wells. The Wells are equipped with caps and valves to maintain wellhead control.
11. Neither the bailing nor the condition of the Wells will result in pollution of usable quality water or a safety hazard.
 - a. Brander's proposed bailing method will not result in spillage of oil.
 - b. The Wells are equipped with one string of 4.5 inch steel casing, set from total depth to surface, with cement circulated to the surface. Usable quality fresh water in the area is present to a depth of 600 feet below the surface.
 - c. The bailing equipment measures the depth of the fluid level in a well, and Brander can maintain the fluid level accordingly. The bailing equipment, when used properly, will not damage the casing present in the Wells.
12. Brander possesses a continuing good faith claim to a right to operate the Wells.
 - a. Sam Brander is the mineral owner of the property within the Applewhite, Sam Lease.
 - b. Brander is the lessor under currently valid oil and gas leases covering the property within the Mullens Lease. Brander presented leases between Brander, as Lessor, and Raymond Trevino, the mineral owner of the Mullens Lease, as Lessee.
13. Brander estimates that each of the Wells will produce 0.5 to 1.5 barrels of oil per day.
14. Production from the Wells will be transferred into the respective on-lease tank battery.
15. The Somerset Field, the reservoir from which the Wells will be producing, does not contain Hydrogen Sulfide.
16. Brander has no history of violations of Commission Rules.

CONCLUSIONS OF LAW

1. The Commission timely gave proper notice of the hearing to all persons legally entitled to notice.
2. All things have occurred to give the Commission jurisdiction over this matter.
3. Brander presented sufficient evidence to meet the mandatory requirements in Statewide Rule 21 [16 TEX. ADMIN. CODE § 3.21] for approval of exceptions to permit the bailing of the subject Wells.
4. Brander possesses a continuing good faith claim to the right to operate the Wells.
5. Granting the exceptions to Statewide Rule 21 for the Wells is necessary to prevent the waste of hydrocarbons.

It is therefore **ORDERED** that the application of Sam H. Brander for exceptions to Statewide Rule 21 to produce by bailing the Applewhite, Sam (RRC No. 11714) Lease, Well Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 18, and the Mullens (RRC No. 11597) Lease, Well Nos. 1, 2, 3, and 4, Somerset Field, Bexar County, Texas, is hereby **GRANTED** subject to the following conditions.

CONDITIONS

1. **Wellhead Control.** All wells must remain equipped with wellhead control consistent with the requirements of Statewide Rule 13.
2. **Production Reporting.** All hydrocarbons produced must be reported consistent with the requirements of Statewide Rule 58.
3. **Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the District Office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.
4. **Notification of Plugging.** The operator **MUST** call to notify the appropriate district office a minimum of four (4) hours prior to beginning plugging operations. The individual giving notification **MUST** be able to advise the district office of the docket number and all water protection depths for that location as stated in the Texas Commission on Environmental Quality letter.
5. **Plugged Wells.** Should any wells on this lease ever be plugged and abandoned, the Commission will consider such plugging and abandonment as prima facie evidence that production from said well is no longer necessary to prevent waste; and upon such plugging and abandonment, the authority for such well as granted under this permit shall cease.

6. **Permit Expiration.** This authority granted herein shall remain valid as long as Brander, Sam H. is recognized as the operator of record of the subject leases. The authority granted herein is subject to revocation by the Commission for violation of Commission Rules with respect to the subject wells and leases. This permit is not transferable.

It is further **ORDERED** that this Final Order shall be effective on April 8, 2014, when the Master Order relating to this Final Order is signed.

All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 8th day of April 2014 in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Unprotested Master Order dated April
8, 2014.)**