

**RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTIONS
DECEMBER 18, 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, December 18, 2007, commencing at 9:30 a.m. Commissioners Victor G. Carrillo and Elizabeth A. Jones were present. Commissioner Carrillo presided until Chairman Williams arrived.

OFFICE OF GENERAL COUNSEL – HEARINGS SECTION

GAS SERVICES UNPROTESTED

1. GUD No. 9762 (and consolidated cases): Statement of Intent filed by Atmos Energy Corporation to increase utility rates within the unincorporated areas served by the Atmos Energy Corp., Mid-Tex Division and petition for de novo review of the denial of the Statement of Intent filed by Atmos in various municipalities. This item was deferred until the end of the meeting. At that time, with Chairman Williams present, the Commission determined that certain issues not be litigated further and reserved issues relating to the revenue recovery mechanism and recovery of uncollectible gas costs for further deliberation at the next conference on January 28, 2008.

GAS SERVICES UNPROTESTED

2. GUD No. 9740: Application of Atmos Energy Corp., West Texas Division, for Test Year 2006 annual interim rate adjustment for the environs areas of the cities in the West Texas Rate Division. The Commission voted (2-0) to approve the application.

3. GUD No. 9774: Statement of Intent of Texas Gas Service to increase rates in the unincorporated areas of the South Texas Service Area. The Commission voted (2-0) to approve the suspension order.

SURFACE MINING AND RECLAMATION

4. SMRD Docket No. C7-0001-SC-04-F: Application by Luminant Mining Company LLC for Release of Reclamation Obligations on an Aggregate of 1,467.3 Acres, Martin Lake Mine, Permit 4J, Panola and Rusk Counties, Texas. The Commission voted (2-0) to approve the application.

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5. SMRD Docket No. C8-0014-SC-11-E: Application by San Miguel Electric Cooperative, Inc. for Acceptance of Replacement Reclamation Performance Bond (Self-Bond with Third-Party Guarantee), Permit No. 11F, San Miguel Lignite Mine, Atascosa and McMullen Counties, Texas. The Commission voted (2-0) to approve the application.

6. SMRD Docket No. C8-0013-SC-47-D: Application by Texas Westmoreland Coal Company for Acceptance of Additional Bond (Collateral Bond with Letter of Credit), Permit No. 47, Jewett E/F Area, Leon and Freestone Counties, Texas. The Commission voted (2-0) to approve the application.

OIL AND GAS PROTESTED

7. O&G 08-0252197: Trail Mountain, Inc. application pursuant to Statewide Rule 106 to operate a sour gas pipeline, University Gathering System, Hudspeth County, Texas. The Commission voted (2-0) to approve the application.

8. O&G 05-0247628: B & J Oil Company enforcement action regarding Bennett Ranch Lease, Well No. 1 (0601953) Permit, Bennett Ranch Lease, Permit No. N/A Corsicana (Shallow)(20823500) Field, Navarro County, Texas. Violation of Rules 13(b)(2)(A)(i); 14(a)(3); 13(b)(1)(B); 5(a). The Commission voted (2-0) to deny the motion for rehearing.

AGREED ENFORCEMENT ORDERS

The Commission unanimously approved the following agreed orders:

9. O&G 04-0253385: Acock/Anaqua Operating Co., LP enforcement action regarding (003599) Operator, Hoting, J. L. (04248) Lease, Well No. 14, Ramada (Oakville 3rd) (74376284) Field, Nueces County, Texas. Violation of Rule 14(b)(2).

10. O&G 02-0254265: Camco Saltwater Transport enforcement action regarding El Paso Natural Gas -C- (091843) Lease, Well No.1C, Clegg (Luling 9600) (18867225) Field, Live Oak County, Texas. Violation of Rule 8(d)(1).

11. O&G 04-0253295: Taft Investment Co., Inc. enforcement action regarding Taft Gin and Seed Co., Inc. (07262) Lease, Well No. 04, Taft (4300) (88119594) Field, San Patricio County, Texas. Violation of Rule 73(i).

12. O&G 09-0251275: Double KC Trucking, Inc. enforcement action regarding Coca Cola Ranch Road Lease, WHP 3684, Jack County, Texas. Violation of Rule 8(d)(1).

13. O&G 01-0254264: USA Superior Energy LLC enforcement action regarding (879269) Operator, Alexander, C. (08213) Lease, Well No. 1W, Bateman (Austin Chalk) (06053500) Field, Bastrop County, Texas. Violation of Rules 3(2); 9(11)(D).

14. O&G 09-0248586: Black Pearl Operating Comp., LLC enforcement action regarding (072713) Operator, Dunagan -A- (07150) Lease, Well Nos. 1, 2, 4, 7, 9, 10, 12 & 10, Odell (20645) Lease, Well Nos. 1, 2 & 4, Young County Regular (99480001) Field, Young County, Texas. Violation of Rules 14(b)(2) and (3); 46(j); 3(1), (2), and (3).

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15. O&G 02-0249502: Omega Energy Corp. enforcement action regarding Striebeck, W. H. Jr. (001516) Lease, Well No.1 U, Elms (Slick, Upper) (28644710) Field, Striebeck, W. H. Jr. (001519) Lease, Well No.1 L, Elms (Slick, Lower) (28644568) Field, Live Oak County, Texas. Violation of Rules 14(b)(2) and (3).

16. O&G 01-0251366: More Texas Oil enforcement action regarding Foster, George (09821) Lease, Well No. 01, Somerset (84560001) Field, Atascosa County, Texas. Violation of Rules 14(b)(2); 3(1), (2), and (3).

17. O&G 04-0253388: Texas Independent Explor Ltd. enforcement action regarding (846548) Operator, Davenport, D. State (060686) Lease, Well No.4, Rincon, North (A) (76723008) Field, Starr County, Texas. Violation of Rules 14(b)(2); 3(1) and (2).

18. O&G 02-0253438: Viper S.W. D., LLC enforcement action regarding Burditt, Allen L. (07078) Lease, Well No.1, Carancahua Creek (Tm C Lo) (15533760) Field, Jackson County, Texas. Violation of Rules 14(b)(2); 9(11)(A) and (B); 9(12); 9(9)(B).

19. O&G 03-0248581: Smith, L. C. enforcement action regarding Forbes, E. E. (035060) Lease, Well No.3, Mykawa New (Mio. 3625) (64185666) Field, Harris County, Texas. Violation of Rules 14(b)(2); 3(1).

20. O&G 03-0252811: Magnolia SWD, LLP enforcement action regarding Magnolia SWD Lease, Well No. 1 (0538437) Permit, Dean Lake (Wilcox 13300) (23745700) Field, Montgomery County, Texas. Violation of Rules 3(2); 9(1); 16(b).

21. O&G 01-0252066: Colorado Oil & Gas, LLC enforcement action regarding Vann, D M (06382) Lease, Well No. B 11, Buchanan (12849001) Field, Caldwell County, Texas. Violation of Rules 14(b)(2) and (3); 3(1) and (2); 13(b)(1)(B); 22(b)(1).

OIL AND GAS UNPROTESTED

CONSENT AGENDA

The Commission unanimously approved the following applications:

22. O&G 01-0253994: Alcor Energy, Inc. to consider the application to supercede the provisions of the order in Oil and Gas Docket No. 01-0235495, issued March 24, 2004, requiring the plugging of the Swientek, Theodore (08401) Lease, Well No.2, Cindy Ann (Austin Chalk, Oil) (18224510) Field, Wilson County, Texas, enabling the applicant to become the operator of record.

23. O&G 01-0253995: Stingray Oil Company, Inc. to consider the application to supercede the provisions of the order in Oil and Gas Docket No. 01-0229183, issued December 21, 2001, requiring the plugging of the Calton, A. D. (01229) Lease, Well Nos. 1, 2, and 4, Minerva-Rockdale Field, Milam County, Texas, enabling the applicant to become the operator of record.

24. O&G 02-0249815: Neumin Production Company to consider an application pursuant to SWR 11 requirement of inclination and directional surveys, Peterson Burge Lease, Well No.1, Henze (Wilcox Lower) (40617375) Field, De Witt County, Texas.

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25. O&G 05-0253945: Walsh, F H Jr. Operating Co. Inc. to consider blanket Rule 10 authority to downhole commingle production from the Newark, East (Atoka 1), Newark, East (Atoka 2), Newark, East (Atoka 2a), Newark, East (Atoka 2b), Newark, East (Atoka 4), Newark, East (Atoka 5), Newark, East (Bend Conglomerate), Newark, East (Caddo Lime), Newark, East (Strawn B 1), and Newark, East (Strawn J 1) Fields, Denton, Johnston, Tarrant, and Wise Counties, Texas.

26. O&G 06-0254313: Wagner & Brown, Ltd. to amend the field rules for the Douglass, Sw. (Pettit, Upper) Field, Nacogdoches County, Texas.

27. O&G 08-0253661: Cimarex Energy Co. to amend the field rules for the Phantom (Wolfcamp) Field, Ward County, Texas.

28. O&G 08-0253745: Endeavor Energy Resources L.P. to consider an MER for their Fred Hall Unit (37580), Well No. 1H, Betty Sue (Devonian) Field, Midland County, Texas.

29. O&G 08-0253879: Sheridan Production Company, LLC to consider temporary field rules for the Mi Vida (Delaware 4400) (60950255) Field, Reeves County, Texas.

30. O&G 09-0254255: Encana Oil & Gas(USA) Inc. for an exception to the Rule 86(d)(4) requirement that all points on a horizontal drainhole be within the proration and drilling unit, O.P. Leonard Investments Unit 2 Lease, Well No. 2H, Newark, East (Barnett Shale) Field, Parker County, Texas.

31. O&G 09-0254256: Encana Oil & Gas(USA) Inc. for an exception to the Rule 86(d)(4) requirement that all points on a horizontal drainhole be within the proration and drilling unit, Wright, Joe Unit, Well No. 1H, Newark, East (Barnett Shale), Tarrant County, Texas.

32. O&G 10-0253690: Cimarex Energy Co. to amend the field rules for the Hemphill (Granite Wash.) Field, Hemphill and Roberts Counties, Texas.

33. O&G 10-0253876: Cimarex Energy Co. to amend the field rules for the Buffalo Wallow (Granite Wash) Field, Hemphill and Wheeler Counties, Texas.

34. O&G 10-0253877: Cimarex Energy Co. of Colorado to amend the field rules for the Red Deer Creek (Granite Wash) Field, Roberts and Hemphill Counties, Texas.

35. O&G 10-0253878: Cimarex Energy Co. of Colorado to amend the field rules for the Mendota, NW. (Granite Wash) Field, Roberts and Hemphill Counties, Texas.

36. O&G 10-0253961: Strand Energy, L.C. to consider consolidation of the Smith Perryton (Mississippian), Smith Perryton (Morrow, Lower), Smith Perryton (Morrow, Middle), and Smith Perryton (Morrow, Upper) Fields into a single field to be known as the Smith Perryton (Morrow-Miss.) Field, and to adopt field rules for the proposed consolidated field, Ochiltree County, Texas.

37. O&G 02-0254502: Kaler Energy Corp. for administrative rescission of field rules, Singleton (1900) Field, Bee County, Texas.

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38. O&G 7C-0253895: Henry Petroleum LP to expand the correlative interval for the Spraberry (Trend Area) Field (Field Nos. 85279200 and 85280300), Andrews, Crane, Crockett, Dawson, Glasscock, Howard, Irion, Martin, Midland, Pecos, Reagan, Runnels, and Upton Counties (Railroad Commission Districts 7C and 08), Texas.

39. O&G 04-0254127: EOG Resources, Inc. to consider a new field designation for the State Tract 750A Lease, Well No. 1, consolidation of a vertical interval, and adoption of a two factor allocation formula for the proposed Tule Lake (Frio Consolidated) Field, Nueces County, Texas.

40. O&G 02-0254401: Chesapeake Operating, Inc. for the recommendation of a tight gas formation for the Wilcox Formation Jennie Bell (Wilcox 11500) (46166180) Field, De Witt and Victoria Counties, Texas.

41. O&G 03-0254399: Anadarko E&P Company LP & Enervest Operating LLC for the recommendation of a tight gas formation for the Lower Cretaceous Formation, Navasota River (Cretaceous Lwr) Field, Brazos and Grimes Counties, Texas.

42. O&G 03-0254572: Sanchez Oil & Gas Corporation for the recommendation of a tight gas formation for the Wilcox Formation Village Mills Deep (Wx Cons.) (93839485) Field, Hardin and Tyler Counties, Texas.

43. O&G 04-0254677: Sanchez Oil & Gas Corporation & EOG Resources , Inc. for the recommendation of a tight gas formation for the Wilcox Formation, West Tiger (Wilcox Consolidated) Field, Duval County, Texas.

44. O&G 04-0254400: Headington Oil Company, L.P. for the recommendation of a tight gas formation for the Vicksburg Formation Krb\zuni-nc (Vxbg) (47939460) Field, Kleberg County, Texas.

45. O&G 04-0254567: El Paso E&P Company, L. P. for the recommendation of a tight gas formation for the Vicksburg, Lower Formation Flores (Vicksburg, Lower) (31533500) Field, Hidalgo and Starr Counties, Texas.

46. O&G 04-0254568: Newfield Exploration Company for the recommendation of a tight gas formation for the Frio Formation Sarita, East (Frio) (81116500) Field, Kenedy County, Texas.

47. O&G 04-0254569: Newfield Exploration Company for the recommendation of a tight gas formation for the Lower Frio Formation Sarita, East (Lower Frio Cons.) (81116250) Field, Kenedy County, Texas.

48. O&G 04-0254573: U.S. Enercorp, Ltd. for the recommendation of a tight gas formation for the Wilcox Formation Falcon Lake, E. (Wilcox W-17) (30084600) Field, Zapata County, Texas.

49. O&G 04-0254575: U.S. Enercorp, Ltd. for the recommendation of a tight gas formation for the Wilcox Consolidated Formation Falcon Lake, E. (Wilcox Cons.) (30084200) Field, Zapata County, Texas.

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50. O&G 06-0253125: Southwestern Energy Prod. Co. for the recommendation of a tight gas formation for the Travis Peak Formation Cecil Cox (Travis Peak) (16508500) Field, Gates, East (Travis Peak) (34186700) Field, Angelina and Nacogdoches Counties, Texas.

51. O&G 06-0254398: Chesapeake Operating, Inc. for the recommendation of a tight gas formation for the Travis Peak Formation Doyle Creek (Travis Peak) (25998500) Field, Cherokee County, Texas.

52. O&G 06-0254571: Samson Lone Star, LLC for the recommendation of a tight gas formation for the Travis Peak Formation Stockman (Travis Peak) (86233500) Field, Shelby County, Texas.

53. O&G 06-0254577: Enerquest Corporation for the recommendation of a tight gas formation for the Travis Peak Transition/formations Garrison (Travis Peak) (34044800) Field, Garrison, S (Pettit, Lo) (34054600) Field, Stockman (Cotton Valley) (86233300) Field, Stockman (Travis Peak) (86233500) Field, Stockman (Travis Peak, West) (86233600) Field, Nacogdoches and Shelby Counties, Texas.

54. O&G 10-0254396: Samson Lone Star, LLC for the recommendation of a tight gas formation for the Douglas Formation Hemphill (Douglas) (40311100) Field, Hemphill County, Texas.

55. O&G 03-0254570: Unit Petroleum Company for the recommendation of a tight gas formation for the Wilcox Formation, Jazz (Wilcox Deep) Field, Hardin, Polk, and Tyler Counties, Texas.

56. O&G 08-0254566: Boyd & McWilliams Energy Group for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Mabee Breedlove Clearfork Unit (37469) Lease, Breedlove "B" (Clearfork) (11762200) Field, Martin County, Texas.

57. O&G 7C-0254598: EOG Resources, Inc. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Shannon Hospital "1" (16026) Lease, Noelke (Wolfcamp, Lower) (65674400) Field, Crockett County, Texas.

58. O&G 8A-0254652: Occidental Permian Ltd. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Ownby San Andres Unit (60739) Lease, Ownby (67899001) Field, Yoakum County, Texas.

59. O&G 8A-0254653: Occidental Permian Ltd. for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Robertson (San Andres) Unit (66037) Lease, Robertson, N. (San Andres) (77318900) Field, Gaines County, Texas.

60. O&G 03-0254557: Anadarko E&P Company LP for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Williams-Giese (24328) Lease, Giddings (Austin Chalk-3) (34733500) Field, Fayette County, Texas.

61. O&G 03-0254556: Anadarko E&P Company LP for authority pursuant to Statewide Rule 50 to approve or certify an EOR project for the Alford Telg Unit 1 (24432) Lease, Giddings (Austin Chalk-3) (34733500) Field, Brazos County, Texas.

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62. O&G 02-0252219: enforcement action against Red Fork Production, LLC (Operator No. 697024) for violations of statewide rules on the Technik, A.L. -A- (05614) Lease, Well No. 1A, Valentine (Wilcox 9060) Field, Lavaca County, Texas.

MASTER DEFAULT ORDERS

The Commission unanimously approved the following default orders:

63. O&G 01-0253152: Sedco Resources Inc. enforcement action regarding Barrett Unit (12779) Lease, Well No.1, Pearsall (Austin Chalk) (69981125) Field, La Salle County, Texas. Violation of Rules 14(b)(2); 3(1), (2), and (3).

64. O&G 03-0252769: Goldmark Energy Corporation enforcement action regarding Manvel Gas Unit (208313) Lease, Well No.1, Manvel, W. (Miocene B) (57245400) Field, Brazoria County, Texas. Violation of Rules 14(b)(2); 98.

65. O&G 03-0252809: Tejas Operating LLC enforcement action regarding Dachshund (23814) Lease, Brookshire (12306001) Field, Waller County, Texas. Violation of Rule 8(d)(1).

66. O&G 10-0252517: Fort Worth Natural Gas, Inc. enforcement action regarding Block (00121) Lease, Well No. 3w, Panhandle Carson County Field (68845001) Field, Carson County, Texas. Violation of Rules 14(b)(2); 46(g)(2) and (j).

OFFICE OF GENERAL COUNSEL-RULES

ADOPTION

67. 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 (O&G Docket No. 20-0253665). The Commission voted (2-0) for adoption.

68. Amendment and repeal of existing rules and adoption of new rules in 16 Tex. Admin. Code Chapters 9, 13, and 14, to update and clarify requirements regarding LPG, CNG, and LNG licensing, examinations, and safety, and LPG training; and to implement the provisions of House Bill 1170, 80th Legislature (2007), regarding the notice that certain LPG licensees must provide to the purchaser or owner regarding the modification of an LPG system by an unlicensed person (LPG Docket No. 1936). The Commission voted (2-0) for adoption.

69. Amendment of various rules in 16 Tex. Admin. Code Chapter 8 to implement changes to pipeline safety regulations regarding natural gas gathering, accident reporting, enforcement penalties, and to update the adoption by reference of federal pipeline safety standards (GUD No. 9757). The Commission approved (2-0) withdrawal of the proposal.

ADMINISTRATIVE MATTERS

INFORMATION TECHNOLOGY SERVICES

70. Authority to file comments regarding Texas State Library and Archives Commission (TSLAC) proposed amendments to 13 Tex. Admin. Code §3.4, regarding the Texas Record and Information Locator (TRAIL). This item was approved (2-0).

OIL AND GAS DIVISION

71. Authorization to increase the award amount to continue remediation activities at the Lodi Processing Corporation (505337) Gas Plant (06-0820), Rodessa Field, (77807001), Cass County, Texas; Requisition No. 455-7-1274. The Commission approved this item (2-0).

72. Authorization to award a contract to install a groundwater recovery trench, Unidentified Operator, West O'Daniel Seep Trench Abatement Project (TCEQ Grant Contract No. 582-5-70825), Snyder Field, Howard County, Texas; Requisition No. 455-8-0217. The Commission deferred this matter to a future conference.

Chairman Williams now present.

OFFICE OF GENERAL COUNSEL

73. Texas Citizens for a Safe Future and Clean Water and Mr. James G. Popp v. Railroad Commission of Texas and Pioneer Exploration, Ltd., No. 03-0-7-00025-CV, Texas Court of Appeals, Third District, Austin (from the District Court of Travis County, 200th Judicial District, No. D-1-GN-06-001303.) At 10:57 am, Chairman Williams announced the Commission would convene in a closed meeting pursuant to the Open Meetings Law, Tex. Gov't Code, Chapter 551, Section 551.071 of the Act to consult with it's attorney regarding this matter. The certified agenda of the closed meeting is maintained in a sealed envelope in a locked file at the Commission. No action was taken in the closed meeting. The Commission reconvened in open meeting at 11:30 am. On motion of Commissioner Carrillo, the Commission requested the Attorney General to file a petition for rehearing as well as a petition for rehearing en banc with the 3rd Court of Appeals. Further, the Commission requested the Attorney General to seek any deadline extensions on the behalf of the Commission.

PUBLIC INPUT

74. 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 11:36 am.