

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

Oil & Gas Docket Nos. 01-0234789, et al.

**CONSOLIDATED APPLICATIONS OF CALTEX
ENERGY CO. FOR EXCEPTIONS TO
STATEWIDE RULE 21 TO PRODUCE BY
SWABBING, BAILING, OR JETTING, 260
WELLS ON 45 LEASES, LULING-BRANYON
FIELD, CALDWELL COUNTY, TEXAS.**

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on December 20, 2003 and January 15, 2004, the examiners have 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.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the applications of Caltex Energy Co., as identified in the table attached as Exhibit 1 to this Final Order, to consider an exception to Statewide Rule 21 to allow production by swabbing, bailing, or jetting of 258 wells on 45 leases, Luling-Branyon Field, Caldwell County, Texas be and is hereby **APPROVED** subject to the following conditions:

CONDITIONS

1. **Notification of Swabbing.** The operator **MUST** notify the district office for District 1 a minimum of four (4) hours prior to beginning swabbing operations.
2. **Wellhead Control.** All wells must remain equipped with wellhead control consistent with the requirements of Statewide Rule 13, and Caltex must equip all wells to produce natural gas prior to the expiration of this permit.
3. **Production Reporting.** All hydrocarbons produced must be reported consistent with the

requirements of Statewide Rule 58.

4. **Hydrogen Sulfide Precautions.** Because the 258 wells in these applications are completed in a Hydrogen Sulfide associated field, precautions must be taken to monitor hydrogen sulfide emissions and prevent exposure to individuals during swabbing operations.
 - a. All personnel must obtain hydrogen sulfide safety certification prior to performing any swabbing operations.
 - b. All personnel must wear functional personal monitoring equipment when performing any swabbing operations.
 - c. Any gas produced during swabbing operations must be collected and vented in a manner to limit the possibility of exposure to individuals.
 - d. Venting of gas from any well through open valves is prohibited.
5. **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.
6. **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.
7. **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 confiscation of applicant's property or to prevent waste; and upon such plugging and abandonment, the authority for such well as granted under this permit shall cease.
8. **Permit Expiration.** This permit expires eighteen (18) months from the date this order becomes administratively final.

It is further ordered that pursuant to Caltex's withdrawal of its applications to produce the Sallie Clark (01134) Lease, Well No. 1SD and the Maggie Moore (01033) Lease, Well No. 8A due to the plugging of these two wells, that Caltex's applications solely as to these two wells are hereby **DISMISSED**.

Each exception to the examiners' 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 three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion 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.

Done this ___ day of _____ 2005.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN VICTOR G. CARRILLO

COMMISSIONER MICHAEL L. WILLIAMS

COMMISSIONER ELIZABETH A. JONES

ATTEST:

SECRETARY