

May 12, 2004

OIL AND GAS DOCKET NO. 03-0237263

THE APPLICATION OF MORGAN'S POINT, LP TO CONSIDER APPROVAL OF A QUALIFIED SUBDIVISION PURSUANT TO STATEWIDE RULE 76 FOR A 489.3 ACRE TRACT SUBDIVISION, IN BRAZORIA COUNTY, TEXAS

APPEARANCES:

For Applicant Morgan's Point, LP.
James H. Hutchinson
Aaron Maguire
Monroe Cutler

No other appearances

EXAMINERS' REPORT AND RECOMMENDATION

PROCEDURAL HISTORY

Application Filed:	December 11, 2003
Notice of Hearing:	January 26, 2004
Hearing Held:	March 12, 2004
Heard By:	Mark Helmueller, Hearings Examiner Donna Chandler, Technical Examiner
Report Issued:	May 12, 2004
Status:	Unprotected

STATEMENT OF THE CASE

Morgan's Point, LP ("Morgan's Point") has filed an application for approval of a qualified subdivision pursuant to Statewide Rule 76. On March 12, 2004, the Commission held a hearing at its offices located at 1701 N. Congress Avenue, Austin, Texas, to consider evidence offered by Morgan's Point in support of its application. No notices of intent to protest the application were filed with the Commission, and no parties appeared at the hearing to protest the application. The examiners recommend approval of the application.

SUMMARY OF EVIDENCE PRESENTED

Morgan's Point's 489.3 acre tract is located within the H. T. & B RR Co. Survey, A-527 and M. V. O'Donnell Survey, A-468, in Brazoria County, a county with a population in excess of 140,000 which borders Harris County, a county with a population in excess of 400,000 residents. The proposed qualified subdivision designates 6 two acre tracts for future drilling operations. Historically, nine wells have been drilled within the area of the proposed qualified subdivision, all of which have been previously plugged and abandoned. Morgan's Point submitted certified copies of plugging records for eight of the wells. The plugging record for the ninth well, which is identified on Commission maps as Well No. 3 with no corresponding API number, could not be located among Commission records. The drilling permit for this well was filed on January 9, 1939 by Humble Oil and Refining Co. All Railroad Commission maps referencing this well indicate that it has been plugged. A plat of the proposed subdivision is attached.

There has been extensive development of the minerals within the 2.5 miles surrounding the proposed qualified subdivision. The known Railroad Commission designated fields within the 2.5 mile radius of review include: Hastings, West, Manvel (Oligocene), Manvel (Frio -E-), Manvel (FB-III Oligocene) Manvel (Miocene), Manvel (F. B. I, Oligocene), Alvin City (10,400 - Frio), Alvin, South (#39), Lurey (Frio), Alvin, North (8100) Walkman (Frio), Oliver (Frio 8640), Algoa N.W., Webster, and Mykawa Fields. Morgan's Point identifies 1892 wells within a 2.5 mile radius of the proposed qualified subdivision.

The six proposed 2 acre drillsite tracts are each located in an 80 acre unit designated on the plat of the proposed subdivision. Each drillsite tract is adjacent to an existing road or access easement. Morgan's Point represents that the locations for the proposed drillsite tracts will allow future mineral development of the entire 489.3 acre tract by the use of directional drilling technology.

EXAMINERS' RECOMMENDATION

The examiners believe that the evidence presented satisfies the requirements of Statewide Rule 76. The proposed drillsite tracts will allow for the future mineral development of the entire 489.3 acre tract. While there is some question as to whether Well No. 3, which may underlie a proposed homesite, is properly plugged, the applicant's determination of the location and proper plugging of wells is not required under Statewide Rule 76. Accordingly, the examiners recommend that the qualified subdivision be approved.

FINDINGS OF FACT

1. At least 10 days notice of this hearing was given to all owners of the possessory mineral interest and to the mineral lessors of the proposed qualified subdivision. Notice of the hearing was

published for four consecutive weeks in The Facts, a newspaper of general circulation in Brazoria County, beginning on February 6, 2004.

2. Morgan's Point, LP ("Morgan's Point") has authority to represent all surface owners of land contained in the proposed qualified subdivision.
3. Morgan's Point's 489.3 acre tract is located within the H. T. & B RR Co. Survey, A-527 and M. V. O'Donnell Survey, A-468, Brazoria County, Texas meets the requirements of a qualified subdivision.
 - a. The proposed qualified subdivision is a tract less than 640 acres in size.
 - b. Brazoria County, is a county with a population in excess of 140,000 which borders Harris County, a county with a population in excess of 400,000 residents.
 - c. The proposed operation sites are adequate to ensure the full and effective development of the minerals which might underlie the proposed qualified subdivision.
 - d. The proposed qualified subdivision plat contains easements for access and pipelines adjacent to the proposed operations sites.
4. The owners of the mineral interests underlying the tract did not object or appear in protest to the proposed qualified subdivision.
5. There are no wells currently producing on the acreage of the proposed qualified subdivision.
6. The 489.3 acre tract has been subdivided in a manner authorized by law by the surface owners for residential, commercial, or industrial use.
7. There has been extensive development of the minerals within the 2.5 miles surrounding the proposed qualified subdivision.
 - a. The known Railroad Commission designated fields within the 2.5 mile radius of review include: Hastings, West, Manvel (Oligocene), Manvel (Frio -E-), Manvel (FB-III Oligocene) Manvel (Miocene), Manvel (F. B. I, Oligocene), Alvin City (10,400 - Frio), Alvin, South (#39), Lurey (Frio), Alvin, North (8100) Walkman (Frio), Oliver (Frio 8640), Algoa N.W., Webster, and Mykawa Fields.
 - b. There are 1892 wells existing wells and plugged wellbores within a 2.5 mile radius of the proposed qualified subdivision.

8. The six proposed 2 acre operation sites provide sufficient areas for any potential future drilling and production related to the development of the mineral interests underlying the proposed qualified subdivision.

CONCLUSIONS OF LAW

1. The application for the proposed qualified subdivision was properly filed with the Railroad Commission pursuant to its jurisdictional authority.
2. Proper and adequate notice was given by the Railroad Commission directly and by publication to persons legally entitled to such notice.
3. All things have been done or have occurred to give the Railroad Commission jurisdiction to decide this matter.
4. The application complies with the requirements of Statewide Rule 76 and Texas Natural Resources Code §§ 92.001 - 92.004.
5. Approval of this application will provide for the full and effective development of the minerals underlying the subject property as well as allow for the fullest and most efficient use of the surface estate.

RECOMMENDATION

Morgan's Point, LP has satisfied the requirements of Statewide Rule 76 for approval of its qualified subdivision plan. Accordingly, the examiners recommend that the application be approved.

Respectfully submitted,

Mark Helmueller
Hearings Examiner

Donna Chandler
Technical Examiner