

January 18, 2007

OIL AND GAS DOCKET NO. 03-0249606

APPLICATION OF CHAMPIONS GLEN, LP TO CONSIDER APPROVAL OF A QUALIFIED SUBDIVISION
PURSUANT TO STATEWIDE RULE 76 FOR A 203.58 ACRE TRACT, HARRIS COUNTY, TEXAS.

APPEARANCES:

For Applicant Champions Glen, LP.
John Camp
Gregory Frazier
Tim Smith
Tom Northrup

No other appearances

EXAMINERS' REPORT AND RECOMMENDATION

PROCEDURAL HISTORY

Application Filed:	November 3, 2006
Notice of Hearing:	November 9, 2006
Hearing Held:	December 13, 2006
Heard By:	Mark J. Helmueller, Hearings Examiner Andres J. Trevino, Technical Examiner
Report Issued:	January 18, 2007
Status:	Unprotested

STATEMENT OF THE CASE

Champions Glen, LP ("Champions") has filed an application for approval of an amendment to a qualified subdivision previously approved by the Commission in Oil & Gas Docket No. 03-0237807 in a Final Order entered on April 23, 2004. The amendment seeks to correct the original acreage designated and include an additional 8.19 acres of land to the original qualified subdivision.

On November 3, 2006, Champions filed its application to amend a previously approved qualified subdivision for a 203.58 acre tract. Notice of Hearing was issued by the Commission to all mineral interest owners identified by Champion on November 9, 2006. Notice of the hearing was published for four consecutive weeks in the Daily Court Review, a newspaper of general circulation in the area of the proposed subdivision, beginning on November 14, 2006.

On December 13, 2006, the Commission held a hearing at its offices located at 1701 N. Congress Avenue, Austin, Texas, to consider evidence offered by Champions 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

Champions' 203.58 acre tract is located within the H. D. Laird Survey, A-1669, the J. H. Suttles Survey, A-1660, and the Thomas Martin Survey, A-552 in Harris County, a county with a population in excess of 400,000 residents. The original subdivision approved by the Commission identified a 197 acre tract. Based on metes and bounds descriptions, Champions has now determined that the tract actually was 195.39 acres. Champions wishes to both correct that designation and include an additional 8.19 acre parcel as part of the designated subdivision.

The proposed qualified subdivision designates a single centrally located 6 acre "cluster" tract for future drilling operations. No wells have been drilled within the area of the proposed qualified subdivision. A plat of the proposed 203.58 acre subdivision along with metes and bounds descriptions of the parcels making up the subdivision and a metes and bounds description of the proposed operations site is attached to the proposed Final Order.

The owners of the mineral interests underlying the tract include the State of Texas. Correspondence from the General Land Office advises that it does not object to the proposed qualified subdivision.

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: Tomball, Tomball (Cockfield Upper 5500), Tomball (Schultz SE.), Tomball (Wilcox 8400), Tomball (Tilcox 8860, 2nd), Tomball (Petrich), Tomball (Cockfield Upper 5500 SW), Tomball (Lewis 5930), Tomball (Lewis 5930, East), Tomball (Michel), Tomball (Jackson 4400, SE), Tomball (Hirsch), Tomball (Jackson 4700), Tomball (Cockfield Uper 1-5300, SE), Tomball, South (Wilcox 9500), Tomball, SE. (Cockfield First), Tomball, SE (10650), Tomball, SE (11700), Tomball, SE (12250), Tomball, SE (12250 FB-A), Tomball (Miocene 3400), Hooks (Shallow), Hinkle (Cockfield 5800), and the Rotherwood (13250) Fields. In the prior docket, Champion identified 251 wells within a 2.5 mile radius of the proposed qualified subdivision. Since that time 3 additional wells have been drilled and 3 wells permitted within the 2.5 mile radius of review area.

The proposed 6 acre drillsite tract is located in the approximate center of the proposed qualified subdivision and is adjacent to an existing pipeline right of way and road. Champions characterizes the proposed drillsite tract as a cluster designed to minimize the potential impact on the proposed development of residential and commercial property. Champions notes that separating the cluster into 3 tracts of 2 acres each located throughout the proposed qualified subdivision would have resulted in the dedication of additional acreage for pipeline easements and road access.

Champions represents that the location for the proposed drillsite tract will allow future mineral development of the entire 203.58 acre tract by the use of directional drilling technology. Examples of nearby wells to show that directional drilling is both technically and economically feasible in this area.

EXAMINERS' RECOMMENDATION

The examiners believe that the evidence presented satisfies the requirements of Statewide Rule 76 to amend the original subdivision approved by the Commission to include the additional 8.19 acres for a total of 203.58 acres. The additional acreage included does not trigger a requirement for an additional 2 acres to be identified for drill sites in the subdivision. The Commission previously approved a "cluster" drill site in this subdivision, and the overall acreage designated for the drill site is equal to the amount which would be required for 3 separate drill sites. Further, directional drilling would allow for mineral development of the entire 203.58 acre tract from the proposed drill site. Accordingly, the examiners recommend approval of the application to amend the qualified subdivision.

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 Daily Court Review, a newspaper of general circulation in the area of the proposed subdivision, beginning on November 14, 2006.
2. Champions Glen, LP ("Champions") has authority to represent all surface owners of land contained in the proposed qualified subdivision.
3. Champions' 203.58 acre tract located in the H. D. Laird Survey, A-1669 the J. H. Suttles Survey, A-1660, and the Thomas Martin Survey, A-552, in Harris County, Texas meets the requirements of a qualified subdivision.
 - a. The proposed qualified subdivision is a tract less than 640 acres in size.
 - b. Harris County has a population in excess of 400,000 people.

Examiners' Report
Oil & Gas Docket No. 03-0249606

- c. The proposed operation site contains sufficient acreage and access thereto for equipment and pipelines adequate to ensure the full and effective development of the minerals which might underlie the proposed qualified subdivision.
4. The owners of the mineral interests underlying the tract include the State of Texas. Correspondence from the General Land Office indicates that it does not object to the proposed qualified subdivision.
5. There are no wells currently producing on the acreage of the proposed qualified subdivision.
6. The 203.58 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: Tomball, Tomball (Cockfield Upper 5500), Tomball (Schultz SE.), Tomball (Wilcox 8400), Tomball (Tilcox 8860, 2nd), Tomball (Petrich), Tomball (Cockfield Upper 5500 SW), Tomball (Lewis 5930), Tomball (Lewis 5930, East), Tomball (Michel), Tomball (Jackson 4400, SE), Tomball (Hirsch), Tomball (Jackson 4700), Tomball (Cockfield Uper 1-5300, SE), Tomball, South (Wilcox 9500), Tomball, SE. (Cockfield First), Tomball, SE (10650), Tomball, SE (11700), Tomball, SE (12250), Tomball, SE (12250 FB-A), Tomball (Miocene 3400), Hooks (Shallow), Hinkle (Cockfield 5800), and the Rotherwood (13250) Fields.
 - b. Champions identified 254 wells and 3 drilling permits for wells issued by the Commission within 2.5 miles of the proposed qualified subdivision.
8. The proposed 6 acre operation site provides a sufficient area 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.

Examiners' Report
Oil & Gas Docket No. 03-0249606

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

Champions Glen, LP has satisfied the requirements of Statewide Rule 76 for approval of its amended qualified subdivision plan. Accordingly, the examiners recommend that the application be approved.

Respectfully submitted,

Mark J. Helmueller
Hearings Examiner

Andres J. Trevino
Technical Examiner