

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
OIL AND GAS SECTION**

OIL & GAS DOCKET NO. 10-0231524

**COMMISSION CALLED HEARING TO
CONSIDER THE STANDING OF PHILLIPS
PETROLEUM COMPANY REGARDING BP
AMERICA PRODUCTION COMPANY'S
APPLICATIONS FOR AN EXCEPTION TO
STATEWIDE RULE 38, BUCKLES GAS
UNIT, WELL NO. 3 AND STATEWIDE
RULES 37/38 FOR THE TRIPLETT "A"
LEASE, WELL NO. 2, TEXAS HUGOTON
FIELD, SHERMAN COUNTY, TEXAS**

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket, heard on June 12, 2002, 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 Findings of Fact Nos. 1 through 7 and Conclusions of Law Nos. 1 and 2 contained in the proposal for decision. The Commission makes the following additional Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. Phillips Petroleum Company is an operator in the Texas Hugoton Field.
2. Phillips Petroleum Company is operator of tracts which are approximately one mile from the tracts on which BP America Production Company's proposed wells will be drilled.
3. All wells in the area of BP America Production Company's proposed wells are completed in the same formations.

4. Formations beneath the Buckles Gas Unit and the Triplett "A" Lease are continuous and in pressure communication.
5. The pressure wave created by production of BP America Production Company's proposed wells may affect the drainage areas of all area wells, including wells operated by Phillips Petroleum Company.
6. Production of BP America Production Company's proposed wells may diminish the ultimate recovery of wells operated by Phillips Petroleum Company.

CONCLUSIONS OF LAW

1. Phillips Petroleum Company is a person affected by the applications of BP America Production Company.
2. Phillips Petroleum Company has standing to intervene in and protest the applications of BP America Production Company in Oil & Gas Docket No. 10-0230599 and Rule 37/38 Case No. 0230732.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that standing of Phillips Petroleum Company to intervene in and protest the applications of BP America Production Company in Oil & Gas Docket No. 10-0230599 and Rule 37/38 Case No. 0230732 is **GRANTED**.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law 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 order is served on the parties.

Done this ____ day of _____, 2002.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN MICHAEL L. WILLIAMS

COMMISSIONER CHARLES R. MATTHEWS

COMMISSIONER TONY GARZA

ATTEST:

SECRETARY