

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

**RULE 37 CASE NO. 0210046
DISTRICT 04**

**COMMISSION CALLED HEARING TO GIVE
MAGNUM PRODUCING AND OPERATING
COMPANY AN OPPORTUNITY TO APPEAR
AND SHOW WHY THE PERMIT ISSUED FOR
ITS BARTOSH GAS UNIT, WELL NO. 3,
MIDWAY EAST FIELD, SAN PATRICIO
COUNTY, TEXAS SHOULD NOT BE
CANCELLED; AND APPLICATION OF
MAGNUM PRODUCING AND OPERATING
COMPANY FOR AN EXCEPTION TO
STATEWIDE RULE 37 FOR SAID WELL**

FINAL ORDER

The Commission finds that, after statutory notice in the above-numbered docket set for hearing on August 9, 1996, this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas. In accordance therewith, the Commission hereby makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Notice of the hearing was given at least 10 days prior to the hearing to all designated operators, lessees of record for tracts that have no designated operator, and owners of record of unleased mineral interests for each adjacent tract and each tract nearer to the well than the prescribed minimum lease-line spacing distance.
2. Magnum Producing & Operating Company ("Applicant") had applied on Form W-1 for a permit to deepen (within casing) Well No. 3 on the Bartosh Gas Unit. Applicant proposed to drill its well at a location 933' from the most westerly west line and 933' from the most southerly north line of the unit, and 2050' from the south line and 3050' from the east line of the survey. Applicant has applied for recompletion of the subject well in the Midway East (10,700 FB-A) Field.
3. The proposed location is regular as to the minimum lease-line spacing, but is only 1380' from the nearest well completed in the Bartosh Gas Unit, Midway East (10,700 FB-A) Field; whereas, the subject field rules require 1867' for between-well spacing.

4. The applied-for exception was administratively granted pursuant to Rule 37(h)(2)(A) on January 4, 1996.
5. The administratively approved Rule 37 exception was appealed by the Floerke family, as offset royalty owners, and R.C. Dillon, as an offset operator.
6. Applicant's Rule 37 exception was granted without an opportunity for all affected parties to protest the application.
7. On March 26, 1996, the Commission re-opened this docket to set a hearing to determine whether the administratively granted permit should be cancelled.
8. A Commission called hearing to give Applicant an opportunity to appear and show cause why the permit issued for its Bartosh Gas Unit, Well No. 3 should not be cancelled was set for August 9, 1996.
9. The August 9, 1996 hearing was also noticed for Applicant's Rule 37 exception application if it were determined therein that the referenced permit should be cancelled.
10. By letter dated July 17, 1996, attached hereto and incorporated herein as Exhibit "A", the Applicant agreed to the Commission entering this Final Order cancelling Applicant's permit to re-enter the subject well.
11. No parties appeared at the show cause hearing scheduled for August 9, 1996; and therefore, the merits of Applicant's application for an exception to Rule 37 were never addressed.

CONCLUSIONS OF LAW

1. Proper notice of the reset hearing was timely given to all persons legally entitled to notice.
2. All things have occurred and have been done to give the Commission jurisdiction to decide this matter.
3. Based on the Applicant's agreement and in the interest of justice, it is necessary to cancel Applicant's Permit No. 439841 for the Bartosh Gas Unit Well No. 3, and to dismiss Rule 37 Case No. 0210046.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that Permit No. 439841 Lease be, and is, hereby **CANCELLED**; and Magnum Producing & Operating Company is hereby **ORDERED** to cease any and all operations authorized by such permit.

It is **FURTHER ORDERED** that Rule 37 Case No. 0210046 is hereby **DISMISSED WITHOUT PREJUDICE** pursuant to §1.126 of the Commission's General Rules of Practice and Procedure.

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 until 20 days after it is actually mailed to the parties by the Commission; provided that if a motion for rehearing of application is filed by any party at interest within such 20-day period, this order shall not become final until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission.

Done this ____ day of August, 1996.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN

COMMISSIONER

COMMISSIONER

ATTEST:

Secretary