

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL & GAS DOCKET NO.
01-0306681**

**APPLICATION OF KLAEGER
OPERATING COMPANY II, LLC TO
CONSIDER AN EXCEPTION TO SWR
21 PERTAINING TO FIRE
PREVENTION AND SWABBING OF
HUTZLER "C" (05883) LEASE, WELL
NO. 38, TAYLOR-INA FIELD, MEDINA
COUNTY, TEXAS**

FINAL ORDER

The Commission finds that proper statutory notice was given in the above-numbered docket heard on October 25, 2017; that the proposed application is in compliance with SWR 21; that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas; and the Commission hereby makes the following Findings of Fact and Conclusions of Law:

Findings of Fact

1. Klaeger Operating Company II, LLC (Operator No. 469908), ("Klaeger"), seeks swabbing authority for the Hutzler "C" (05883) Lease, Well No. 38 ("Well"), in the TAYLOR-INA FIELD, located in Medina County, Texas.
2. At least ten days' notice of hearing was provided to all persons required. Robert Klaeger appeared at the hearing and presented evidence in support of the application. No one appeared in protest.
3. Klaeger's Organization Status with the Commission is active. Klaeger initially filed a Commission Form P-5 *Organization Report* on January 20, 2010 and filed its most recent *Organization Report* on May 3, 2017.
4. Klaeger is currently the operator of record for the Well, as the Commission has approved Klaeger's Form P-4, *Producer's Transportation Authority and Certificate of Compliance*, filings for the Wells.
5. Klaeger submitted a \$50,000 cash bond as its current financial assurance at the Commission.
6. Klaeger has leases for the Well allowing it the right to operate.

7. Klaeger owns swabbing units that will swab the Well as appropriate.
8. The Well is completed in the TAYLOR-INA FIELD.
9. The Well is cemented from total depth to the surface.
10. The Well is equipped with wellhead control sufficient to prevent releases.
11. An exception to produce the Well by swabbing is necessary to prevent waste. Production of the Well by pumping is not economical, whereas production of the Wells by swabbing is economical.
12. All swabbed oil is piped directly from the Well to the on-lease tank batteries.
13. The Well does not produce sour gas.
14. Klaeger has no history of outstanding violations of Commission rules and there are no Commission holds on leases where the Well is located.

Conclusions of Law

1. Proper notice of hearing was timely given to all persons legally entitled to notice.
2. All things have occurred to give the Commission jurisdiction to decide this matter.
3. Klaeger's application satisfies the mandatory requirements for an exception to SWR 21 to produce the Wells by swabbing:
 - a. Klaeger provided evidence of the method of production.
 - b. There will be proper accounting for all production.
 - c. An exception to produce the Well by swabbing is necessary to prevent waste.
 - d. The wellhead control for the well is sufficient to prevent releases.
 - e. No pollution to usable quality water or safety hazard will result from the proposed production method or the condition of the Well.
 - f. Klaeger possesses a continuing good faith claim to operate the Well.

4. In addition to meeting all of the requirements in SWR 21, consideration of the discretionary factors in SWR 21 favors Klaeger obtaining authorization to produce by swabbing.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of Klaeger Operating Company II, LLC for an exception to SWR 21 to allow production by swabbing of the Well be and is hereby **APPROVED** subject to the following conditions:

CONDITIONS

1. **Wellhead Control.** - All wells must remain equipped with wellhead control consistent with the requirements of SWR 13;
2. **Production Reporting** - All hydrocarbons produced must be reported consistent with the requirements of SWR 58;
3. **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;
4. **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;
5. **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; and
6. **Permit Expiration.** - This permit shall not expire so long as Klaeger Operating Company II, LLC remains the operator of the applied-for well on the applied-for lease. **This permit is not transferable.**

It is further **ORDERED** by the Commission that this Order shall be given immediate effect pursuant to §1.147 of the General Rules of Practice and Procedure of the Railroad Commission of Texas.

This Order is entered to correct the Lease Number for the Well.

Done this 5th day of December 2017.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master Order
dated December 5, 2017)**