

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0313870

APPLICATION OF A. N. MACDIARMID CO. (000572) FOR AN EXCEPTION TO STATEWIDE RULE 21 FOR VARIOUS WELLS IN THE METZGER, H.L. (09643) LEASE, MONKSFIELD (350 SAND) FIELD, BEXAR COUNTY, TEXAS

FINAL ORDER

The Commission finds that proper statutory notice was given in the above-numbered dockets heard on February 11, 2019; that the proposed applications are in compliance with Statewide Rule 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. Applicant, A. N. MacDiarmid Co. (Operator No. 00572), ("Applicant"), seeks air jetting authority for 26 (twenty-six) wells ("Wells") on the Metzger, H.L. (09643) Lease (the "Lease") in the Monksfield (350 Sand) Field in Bexar County, Texas. Appendix A of this Final Order is a chart providing identifying information for each of the Wells, including the name of the Lease, well numbers, and field.
2. At least ten (10) days' notice of the hearing was provided to all persons required. Applicant appeared at the hearing and presented evidence in support of the applications. No one appeared in protest.
3. Production from the Wells is accounted for by direct connection to a gathering-line system tied to permanent tank batteries on the Lease.
4. The shallow depth of the Wells, the volume of production, and the quality of the reservoir in the Monksfield (350 Sand) Field renders pumping of the Wells uneconomical and therefore impracticable.
5. Air jetting is an economical and practicable method for producing recoverable hydrocarbons from the Wells
6. The estimated cumulative monthly production from the Wells via air jetting is 100 barrels per month.
7. Without air jetting, these recoverable hydrocarbons would not be produced from the Wells.

8. The proposed exception for air jetting the Wells is thus necessary to prevent waste.
9. All of the applied-for Wells are cemented to surface.
10. Production of recoverable hydrocarbons utilizing the air jetting method will not result in pollution of usable quality water or a safety hazard.
11. Applicant has a good faith claim to the right to operate the Wells.
12. No mechanical integrity tests have been conducted on the Wells in the preceding twelve months.
13. Applicant's Organization status with the Commission is "active". Applicant filed its most recent organization report with the Commission on September 5, 2018. Applicant's first filed P-5 *Organization Report* with the Commission was effective August 26, 2011.
14. Applicant has on file with the Commission blanket financial assurance pursuant to Texas Natural Resources Code §91.1042 and Statewide Rule 78(g)(1)(B).
15. Applicant is currently the operator of record for all the subject Wells, as the Commission has approved Applicant's Form P-4 *Producer's Transportation Authority and Certificate of Compliance* filings for the Wells, effective January 25, 2019.
16. The reservoir from which the Wells are produced does not contain hydrogen sulfide.
17. Applicant has no prior enforcement proceedings or outstanding violations of Commission rules and there are no Commission holds on the leases where the Wells are located.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely given to all persons entitled to notice. 16 Tex. Admin. Code §§1.42, 1.43, and 3.21.
2. All things have occurred to give the Commission jurisdiction to decide this matter. Tex. Nat. Res. Code §81.051.
3. Applicant's applications satisfy the mandatory requirements for an exception to Statewide Rule 21 to produce the Wells by air jetting. 16 Tex. Admin. Code §3.21.
4. In addition to meeting all the requirements for Statewide Rule 21, consideration of discretionary factors in Statewide Rule 21 favors Applicant obtaining authorization to produce by air jetting. 16 Tex. Admin. Code §3.21.

5. Pursuant to §2001.144(a)(4) of the Texas Government Code, and the consent of the applicant on the record, this Final Order is effective when a Master Order relating to this Final Order is signed on August 20, 2019.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the applications of A. N. MacDiarmid Co. for an exception to Statewide Rule 21 to allow production by air jetting of all Wells on the above-referenced Lease are hereby **APPROVED** subject to the following conditions:

CONDITIONS

1. Wellhead Control. All wells must remain equipped with wellhead control consistent with the requirements of Statewide Rule 13. 16 Tex. Admin. Code §3.13.
2. Production Reporting. All hydrocarbons produced must be reported consistent with the requirements of Statewide Rule 58. 16 Tex. Admin. Code §3.58.
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. 16 Tex. Admin. Code §3.14.
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 as stated in the Texas Commission on Environmental Quality letter. 16 Tex. Admin. Code §3.14.
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.
6. Permit Expiration. This permit shall not expire so long as A. N. MacDiarmid Co. remains the operator of the applied-for wells on the applied-for leases. **This permit is not transferable.**

RAILROAD COMMISSION OF TEXAS

(Order entered, and signatures affixed by Hearings Division's Unprotested Master Order dated August 20, 2019)

Appendix A

Docket No.	Lease Name	Lease ID	Well No(s).	Field	No. of Wells
01-0313870	Metzger, H.L.	09643	1, 2, 3, 4, 5, 6, 7, 13, B-30, D-30, F-30, W-1, W-2, W-3, W-4, W-5, W-6, W-7, W-9, X-9, Y-1, Y-2, Y-2, Y-4, Y-6, and Y-7.	Monksfield (350 Sand) Field	26