



OFFICE OF THE ATTORNEY GENERAL OF TEXAS

AUSTIN

GERALD C. MANN  
ATTORNEY GENERAL

Baker, Botts, Andrews & Wharton  
Attorneys at Law  
Esperson Building  
Houston, Texas

Attention: Mr. McCullough

Dear Sirs:

Opinion No. 0-1313

Re: Validity of Recycling agree-  
ment of Earl Callaway et al.  
with Davis & Company, Incor-  
porated

We have your letter of August 22, 1939, requesting our opinion with reference to the validity of a proposed recycling agreement between Earl Callaway et al. and Davis & Company, Incorporated, providing for the cooperative development and operation of certain gas producing properties in the Alice Area in Jim Wells County, Texas, and the construction and operation by Davis & Company, Incorporated, of a recycling plant and other equipment to be used in obtaining condensate from the gas and in injecting the gas back into the formation from which it will be produced.

We construe Section 21 of Article 6008 to require the Attorney General to give an opinion merely upon the question as to whether or not such a proposed agreement violates any of the conservation statutes of the State of Texas, or any order of the Railroad Commission of Texas issued under the authority of such statutes.

Article XVIII of the proposed agreement reads as follows:

"This agreement shall be subject to all valid rules and regulations of the Railroad Commission of Texas or other regulatory body having jurisdiction; and Sellers will operate their wells and produce the gas therefrom in accordance with all such orders, rules and regulations, and Buyer will operate its plant, lines and equipment, in accordance with all such orders, rules and regulations."

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Construing the agreement as a whole, particularly in view of Article XVIII quoted above, it is our opinion that the proposed agreement does not violate any of the conservation statutes of the State of Texas or any orders of the Railroad Commission of Texas issued under the authority of such statutes and that the proposed agreement is authorized under the provisions of Section 21 of Article 6008 of the Revised Civil Statutes.

Very truly yours

ATTORNEY GENERAL OF TEXAS

By *James P. Hart*

James P. Hart  
Assistant

JPH: jm

APPROVED AUG 31, 1939

*George B. Mann*  
ATTORNEY GENERAL OF TEXAS

