



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0292904

THE APPLICATION OF PIONEER NATURAL RESOURCES USA, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32, FOR THE BATJER 56 LEASE, WELL NO. 1, SPRABERRY (TREND AREA) FIELD, MARTIN COUNTY, TEXAS

OIL AND GAS DOCKET NO. 08-0293123

THE APPLICATION OF PIONEER NATURAL RESOURCES USA, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32, FOR THE FRANKLIN 41 LEASE, SPRABERRY (TREND AREA) FIELD, MARTIN COUNTY, TEXAS

OIL AND GAS DOCKET NO. 08-0293124

THE APPLICATION OF PIONEER NATURAL RESOURCES USA, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32, FOR THE RAGLAND 2 LEASE, SPRABERRY (TREND AREA) FIELD, MARTIN COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Laura Miles-Valdez – Hearings Examiner

HEARING DATE: November 12, 2014

CONFERENCE DATE: January 27, 2015

APPEARANCES:

George Neale
Don Burris
Becky Lackey

REPRESENTING:

Pioneer Natural Resources USA, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code § 3.32), Pioneer Natural Resources USA, Inc. (Pioneer), requests authority to vent and/or flare casinghead gas for a period of one year from the subject leases and wells identified above. The application was not protested.

DISCUSSION OF EVIDENCE

Pioneer produces oil and casinghead gas from wells on its Batjer 56, Franklin 41, and Ragland 2 leases in Martin County, Texas. Most of the gas produced is sold into WTG gas gathering systems. However, these the gas gathering, treatment, compression, and transmission systems have experienced repeated and continued capacity limitations. Pioneer is working with the pipeline operators to resolve these issues, but in the meantime it continues to require the authority to flare casinghead gas as needed.

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. Statewide Rule 32 provides operators with the ability to request authority to vent or flare gas in certain situations, including those in which adequate gas gathering system capacity is unavailable. For the three subject Leases, Pioneer has obtained the maximum administrative authority to vent or flare gas for a period of 180 days. Through this application, Pioneer seeks a commission Final Order to extend this authority for a period of one year. The details of each of the subject leases area as follows:

Batjer 56 Lease

The Batjer 56 Lease (No. 44079) Well No. 1 is currently venting from zero to 100 mcf/day as needed due to high line pressure and capacity limitations on the gathering system. Most of the gas produced on the lease is sold, but occasional needs to vent persist. Pioneer has obtained a 180 day administrative exception to vent 300 mcf/day gas (permit no. 18950) from April 1, 2014, through September 29, 2014.

Pioneer requests authority to vent gas from the Batjer 56 Lease as needed for one additional year at a maximum rate of 100 mcf/day.

Franklin 41 Lease

The Franklin 41 Lease (No. 38122) currently has four wells and is venting from zero to 130 mcf/day as needed due to high line pressure and capacity limitations on the gathering system. Most of the gas produced on the lease is sold, but occasional needs to vent persist. Pioneer has obtained a 180 day administrative exception to vent 300 mcf/day gas (permit no. 18953) from April 1, 2014, through October 16, 2014.

Pioneer requests authority to vent gas from the Franklin 41 Lease as needed for one additional year at a maximum rate of 130 mcf/day.

Ragland 2 Lease

The Ragland 2 Lease (No. 39474) currently has four producing wells and is venting from zero to 100 mcf/day as needed due to high line pressure and capacity limitations on the gathering system. Most of the gas produced on the lease is sold, but occasional needs to vent persist. Pioneer has obtained a 180 day administrative exception to vent 300 mcf/day gas (permit no. 18953) from April 1, 2014, through September 29, 2014.

Pioneer requests authority to vent gas from the Franklin 41 Lease as needed for one additional year at a maximum rate of 100 mcf/day.

In Martin County Pioneer is working with West Texas Gas's gathering system to improve gas capacity. There are several projects in development and construction to help alleviate the capacity and line pressure limitations. These include (1) installing about 13 miles of 16-inch line linking the GC compressor with the Gibbs 25 compressor; (2) completion of the Sale Ranch Plant, with a capacity of 250 mmcf per day within the next few weeks; and (3) the Atlas Buffalo plant, also with a capacity of 250 mmcf per day will come on line in late 2015. Pioneer believes these and other improvements will continue to reduce the need to vent or flare gas in this part of the Spraberry (Trend Area) Field. Therefore, Pioneer requests the continued venting authority until these systems are complete.

FINDINGS OF FACT

1. All parties entitled to notice were notified at least 10 days prior to the hearing.
2. Pioneer Natural Resources USA, Inc., produces oil and casinghead gas from wells on its Batjer 56, Franklin 41, and Ragland 2 leases in the Spraberry (Trend Area) Field in Martin County, Texas.
3. The gas gathering, treatment, compression, and transmission systems in this area are experiencing repeated and continued capacity and line pressure limitations.
4. Most of the casinghead gas produced by Pioneer at the subject leases is sold, but continued need to vent gas persists.
5. Pioneer has obtained the maximum 180 day administrative exceptions to vent gas from the subject leases.
6. Pioneer is working with West Texas Gas's gathering system to improve gas capacity. This work includes the laying of new pipelines and construction of new gas plants and compressor stations.

7. The requested exceptions will allow Pioneer to continue to produce oil from the subject leases until the gas gathering infrastructure improvements are complete.

CONCLUSIONS OF LAW

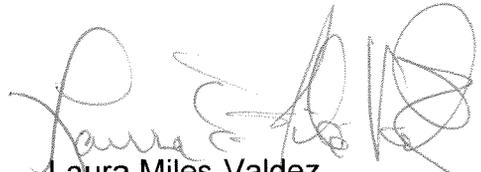
1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
3. All requirements of Statewide Rule 32 have been satisfied. 16 Tex. Admin. Code § 3.32

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the requested exceptions to Statewide Rule 32 be granted.

Respectfully submitted,


Paul Dubois
Technical Examiner


Laura Miles-Valdez
Hearings Examiner