



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0296975

THE APPLICATION OF BASA RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32, FOR FLARE PERMIT FOR THE MARY FOSTER LEASE, IATAN, EAST HOWARD FIELD, MITCHELL COUNTY, TEXAS

HEARD BY: Peggy Laird P.G. - Technical Examiner
Marshall Enquist - Administrative Law Judge

HEARING DATE: July 20, 2015
LATE FILED EXHIBITS RECEIVED: July 22, 2015

CONFERENCE DATE: February 3, 2016

APPEARANCES: **REPRESENTING:**

APPLICANT:

Olga Kobzar
T'Nae Thiel

BASA Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

BASA Resources, Inc. ("BASA") seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare gas from the Mary Foster Lease, Iatan, East Howard Field, Mitchell County, Texas. All offset operators in the subject field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Examiners recommend the exceptions to Statewide Rule 32 be granted.

BASA requested that prior Docket No. 08-0286176 from a hearing held on May 27, 2015, be noticed and included in the subject docket. The Examiners agreed to take notice of that docket because it contained relative information for the captioned docket.

DISCUSSION OF THE EVIDENCE

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. In the subject application, BASA is requesting to flare gas as provided in Statewide Rule 32(h), for eighteen months from May 27, 2015, to December 1, 2016.

The Mary Foster Lease is located in western Mitchell County, about 20 miles east of Big Spring, Texas. Multiple operators utilize the Mary Foster Tank Battery ("Battery"), with most of the wells feeding into the Battery coming from the Mary Foster Lease. There is one flare point from the Battery.

The flare gas contains a large amount of sour gas, or hydrogen sulfide, H₂S. BASA had been connected to WTG Gas Processing, L.P. ("WTG"), a buyer for the sour gas. As of March, 2013, WTG was no longer accepting the sour gas because of operational issues. No other sour gas pipeline gathering systems are in the area. BASA is planning to modify two of its permitted injection wells to accept the sour gas for disposal, and estimates eighteen months is needed to complete the necessary modifications.

BASA received administrative authority (Permit No. 14920) to flare two hundred (200) thousand cubic feet (MCF) of gas per day, or 200 MCF/D, from July 1, 2013, to December 28, 2013. BASA's request for a hearing to extend the flaring authority was received on September 17, 2014. A "Show Cause" hearing was conducted on May 27, 2015, for the noticed Docket No. 08-0286176. In the course of that hearing, it became apparent that BASA actually needed an exception to Statewide Rule 32 to continue flaring, which is the subject of the captioned docket. BASA is requesting authority to flare 300 MCF/D for eighteen months from May 27, 2015, to December 1, 2016. The authority to flare will allow time for facility modifications and improvements to be completed.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing. There were no protests to the application.
2. The Mary Foster Lease in this application produces sour gas.
3. BASA had been connected to WTG Gas Processing, L.P. ("WTG"), a buyer for the sour gas. As of March, 2013, WTG was no longer accepting the sour gas from BASA.
4. Permit No. 14920 authorized BASA to flare two hundred (200) thousand cubic feet (MCF) of gas per day, or 200 MCF/D, from July 1, 2013, to

December 28, 2013. BASA's request for a hearing to extend the flaring authority was received on September 17, 2014.

5. BASA is planning to modify two of its permitted injection wells to accept the sour gas for disposal.
6. BASA is requesting authority to flare 300 MCF/D for eighteen months, from May 27, 2015, to December 1, 2016, from the Mary Foster Lease.
7. Exceptions to Statewide Rule 32 authorizing gas to be flared is necessary to allow time for facility modifications and improvements to be completed.

CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051
2. Approval of the requested exception to Statewide Rule 32 to flare gas for the Mary Foster Lease will not harm correlative rights, and will promote development of the field.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant an exception to Statewide Rule 32, as requested by BASA Resources, Inc.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Marshall Enquist
Administrative Law Judge

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 08-0296975**

**IN THE IATAN, EAST HOWARD
FIELD, MITCHELL COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF
BASA RESOURCES, INC. FOR AN EXTENSION OF FLARING PERMIT,
EXCEPTION TO STATEWIDE RULE 32, FOR THE
MARY FOSTER LEASE, IATAN, EAST HOWARD FIELD, LASALLE COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 20, 2015, the presiding Examiners have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the Examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that BASA Resources, Inc. is hereby granted an exception to Statewide Rule 32 for the Mary Foster Lease, Iatan, East Howard Field, Mitchell County, Texas. BASA Resources, Inc. is authorized to flare up to 300 MCF of gas per day, from the Mary Foster Lease from May 27, 2015, through December 1, 2016. The authority is granted, provided all production is reported on the appropriate Commission forms.

The operator shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the appropriate Commission required administrative Statewide Rule 32 Exception gas flaring fee.

Done this 3rd day of February, 2016.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated February 3, 2016)**