



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0297972

THE APPLICATION OF EXCO OPERATING CO., LP FOR AN EXCEPTION TO STATEWIDE RULE 32, J&M HOLDSWORTH ZAV (18279) LEASE, WELL NO. A 1H, BRISCOE RANCH (EAGLE FORD) FIELD, AND JMH ZAV (18370) LEASE, WELL NOS. 1HB AND 2HB, AMMANN (BUDA) FIELD, ZAVALA COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Marshall Enquist – Hearings Examiner

HEARING DATE: October 27, 2015

CONFERENCE DATE: February 23, 2016

APPEARANCES:

David Nelson
Dale Miller
Charles Ross
Philip Points

REPRESENTING:

EXCO Operating Co., LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EXCO Operating Co., LP (EXCO) seeks exceptions to Statewide Rule 32 (16 Tex. Admin. Code §3.32) for two flare points serving three wells, the J&M Holdsworth ZAV Lease (No. 18279), Well No. A 1H in the Briscoe Ranch (Eagle Ford) Field, and JMH ZAV Lease (No. 18370), Well Nos. 1HB and 2HB in the Ammann (Buda) Field, Zavala County, Texas. The Ammann (Buda) Field wells are connected to a gas sales line, and the requested flaring authority is anticipated to only be needed as an emergency measure. The well completed in the Briscoe Ranch (Eagle Ford) Field is not connected to a sales line, and EXCO plans on flaring all gas produced from this well, which is now less than 50 thousand cubic feet (mcf) gas per day and has received permanent administrative authority to flare. EXCO's application was not protested. The Examiners recommend the requested exceptions be granted.

DISCUSSION OF EVIDENCE

The subject application pertains to two flare points serving three wells.

Flare Point No. 1

Flare point no. 1 serves two wells located on the same pad. The J&M Holdsworth ZAV Lease (No. 01-018279) Well No. A 1H (API No. 42-507-33197) was completed in the Briscoe Ranch (Eagleford) Field on December 26, 2014. Maximum oil production was at a rate of about 144 barrels per day in May 2015, and the maximum casinghead gas production was 93 mcf gas per day in July 2015. In November 2015 the well produced about 51 mcf gas per day, about half of which was used for on lease. Currently the well has a need to flare about 30 mcf gas per day. This well is not connected to a gas sales line.

The second well served by flare point no. 1 is JMH Zav Lease (No. 01-018279) Well No. 1HB, which produces from the Ammann (Buda) Field. This well is connected to a gas sales line. However, on occasion due to sales line capacity or mechanical issues, Exco has a need to flare up to 1,500 mcf gas per day from the well on a short-term emergency basis.

Exco received an administrative flare permit (no. 21016) for Flare Point No. 1 to flare up to 800 mcf gas per day from February 19, 2015 through May 20, 2015. The authority to flare up to 400 mcf gas per day was extended until August 19, 2015, for the maximum 180 days provided in Rule 32. On August 14, 2015, Exco requested a hearing to extend the flaring authority.

Exco's request for flaring authority of the two wells feeding Flare Point No. 1 is now bifurcated as follows:

1. Exco received permanent flaring authority (no. 25356) for less than 50 mcf gas per day from the Eagle Ford well effective on October 24, 2015. Therefore, Exco only seeks flaring authority to cover the period of time from the expiration of permit no. 21016 on August 19, 2015, through the effective date of the permanent exception (October 24, 2015).
2. Exco requests authority to flare up to 1,500 mcf gas per day from the Buda well for a period of two years. This flaring authority is needed in the event of pipeline capacity or mechanical issues that prevent the sale of gas. This authority will continue as permit no. 21016.

Flare Point No. 2

Flare point no. 2 serves one well, the JMH Zav Lease Well No. 2HB, which produces from the Ammann (Buda) Field. The well is connected to a sales line. However,

due to pipeline capacity constraints and occasional mechanical issues, Exco maintains a need to flare gas on an emergency basis. Exco received administrative authority (permit no. 25357) to flare 400 mcf gas per day from Flare Point 2 from May 20, 2015 through November 16, 2015. Exco seeks to extend this authority for a period of two years.

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.
2. Flare Point No. 1 serves two wells located on the same pad
 - a. The J&M Holdsworth ZAV Lease (No. 01-018279) Well No. A 1H was completed in the Briscoe Ranch (Eagleford) Field.
 - b. The JMH Zav Lease (No. 01-018279) Well No. 1HB, was completed in the Ammann (Buda) Field.
 - c. Exco received an administrative flare permit (no. 21016) for Flare Point No. 1 to flare up to 800 mcf gas per day from February 19, 2015 through May 20, 2015.
 - d. The authority to flare up to 400 mcf gas per day was extended until August 19, 2015, for the maximum 180 days provided in Rule 32.
 - e. On August 14, 2015, Exco requested a hearing to extend the flaring authority.
 - f. Exco has obtained a permanent flaring permit (no. 25356) for the Eagle Ford well because the need to flare gas has fallen below 50 mcf gas per day.
 - g. Exco continues to have a need to flare gas on an occasional and emergency basis from the Buda Well No. 1HB at a rate of up to 1,500 mcf gas per day.
3. Flare Point No. 2 serves one well, the JMH Zav Lease Well No. 2HB, which was completed in the Ammann (Buda) Field.
 - a. Exco received administrative authority (permit no. 25357) to flare 400 mcf gas per day from Flare Point 2 from May 20, 2015 through November 16, 2015.
 - b. On August 14, 2015, Exco requested a hearing to extend the flaring authority.

- c. Exco continues to have a need to flare gas on an occasional and emergency basis from the Buda Well No. 2HB at a rate of up to 400 mcf gas per day.
- 4. The continued authority to flare gas from the subject wells and flare points will allow Exco to continue to produce oil uninterrupted from the subject wells.

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. The requested authority to flare gas will protect Exco's correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of Exco Operating Company LP for the requested exceptions to Statewide Rule 32.

Respectfully submitted,



Paul Dubois
Technical Examiner



Marshall Enquist
Administrative Law Judge