



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 01-0298323**

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**THE APPLICATION OF ABRAXAS PETROLEUM CORP. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR ITS CAT EYES UNIT, WELL NO. 1H, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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**HEARD BY:** Peggy A. Laird, P.G. – Technical Examiner  
Ryan Lammert - Administrative Law Judge

**HEARING DATE:** December 10, 2015

**CONFERENCE DATE:** March 29, 2016

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

George C. Neale  
Tyne Tiller

Abraxas Petroleum Corporation

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Abraxas Petroleum Corporation ("Abraxas") requests a two year exception to Statewide Rule 32 (16 Tex. Admin. Code § 3.32) to flare a maximum of one hundred thousand cubic feet (100 MCF) of casinghead gas per day (MCFD) from its Cat Eyes Unit, Well No. 1H (the "1H") in the Eagleville (Eagle Ford-1) Field, Atascosa County, Texas. All offset operators in the field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Administrative Law Judge and Technical Examiner (collectively, "Examiners") recommend approval of an exception to Statewide Rule 32 to flare 100 MCFD casinghead gas for a period of two years as requested by Abraxas.

#### DISCUSSION OF THE EVIDENCE

Title 16, §3.32 of the Texas Administrative Code ("TAC") governs this Application as it relates to the utilization of gas well gas and casinghead gas produced by oil and gas

wells under the jurisdiction of the Railroad Commission. Specifically, 16 TAC §3.32(h) provides that an exception to flare casinghead gas in volumes greater than 50 MCFD may be granted administratively for a period up to 180 days. Flaring exceptions beyond the 180 days shall be granted only in a final order signed by the Commission. In the context of the subject application, Abraxas is requesting an exception to flare casinghead gas produced from the subject lease as provided by Statewide Rule 32(h).

Abraxas received Permit No. 20314, for the 1H effective December 23, 2014, expiring June 22, 2015, for a total of 180 days, the maximum length of time an exception to Statewide Rule 32 may be granted administratively. Abraxas then received a permanent exception to Statewide Rule 32 effective June 23, 2015, because the volume of gas flared from the 1H was below 50 MCFD in the early stages of production. The volume of gas flared exceeded the volume allowed by the permanent exception as production continued. Although production increased, Abraxas considers the volume too low to be currently economical for pipeline connection. Abraxas submitted their application on September 23, 2015, for a two-year exception to Statewide Rule 32 to flare a maximum 100 MCFD from the 1H effective September 23, 2015, to September 23, 2017.

#### FINDINGS OF FACT

1. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. There were no protests to the application.
2. The Cat Eyes Unit, Well No. 1H is located in the Eagleville (Eagle Ford-1) Field, Atascosa County, Texas.
3. Abraxas received Permit No. 20314 for the for the Cat Eyes Unit, Well No. 1H effective December 23, 2014, expiring June 22, 2015, for a total of 180 days, the maximum length of time an exception to Statewide Rule 32 may be granted administratively.
4. Abraxas received a permanent exception to Statewide Rule 32 for the Cat Eyes Unit, Well No.1H to flare a maximum of 50 MCFD effective June 23, 2015.
5. Current production by the Cat Eyes Unit, Well No. 1H exceeds the volume allowed by the permanent exception.
5. Abraxas determined that current market conditions deem it uneconomical to connect to a pipeline.

**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. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. 16 Tex. Admin. Code § 3.32
3. The requested exception to flare 100 MCFD casinghead gas meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h)

**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 for the subject wells, as requested by Abraxas Petroleum Corp.

Respectfully submitted,



Peggy Laird, P.G.  
Technical Examiner



Ryan Lammert  
Administrative Law Judge