



## RAILROAD COMMISSION OF TEXAS

### HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0286580

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THE APPLICATION OF PIONEER NATURAL RESOURCES USA, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE CURTIS, DOVE, AND SCHARBAUER LEASES ON THE SCHARBAUER RANCH, SPRABERRY (TREND AREA) FIELD, MARTIN COUNTY, TEXAS

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

HEARING DATE: March 13, 2014

APPEARANCES: REPRESENTING:

**APPLICANT:**

George C. Neale  
Don Burris

Pioneer Natural Resources USA, Inc.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Pioneer Natural Resources USA, Inc. (Pioneer) requests an exception to Statewide Rule 32 to vent or flare gas from 117 wells on 44 leases shown on Pioneer Exhibit 5 (Attached), in the Spraberry (Trend Area) Field, Martin County, Texas. The application was not protested. The examiners recommend approval.

#### DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, Statewide Rule 32(h) provides that an exception to flare or vent natural gas in volumes greater than 50 MCFGPD per well may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions beyond 180 days shall be granted only in a final order signed by the Commission.

In this matter, Pioneer is requesting exceptions to flare or vent gas from 117 wells. These wells are currently covered under administrative permit no. 14003 is for 44 leases on the Curtis, Dove, and Scharbauer Leases and includes 117 wells (see the attached Pioneer Exhibit 5). The permit was effective from July 1, 2013, through December 29, 2013 (180 days) and grants authority to vent a maximum of 1,000 MCFD of casinghead gas from any combination of the subject leases and wells. These 117 wells currently produce a total of 3,555 MCFGPD, which is equivalent to about 30 MCFGPD per well.

On December 23, 2013, Pioneer requested a hearing to extend the administrative permits. The permits remain in effect pending the outcome of the hearing.

The subject wells are located in Martin county line and are completed in the Spraberry (Trend Area) Field. This area is continuing to experience rapid development, and gas production is constrained by sufficient pipeline capacity. Atlas Pipeline Westtex, Pioneer's gas purchaser in this area, is working on a number of projects to expand capacity and system reliability. These projects, which will directly impact gas disposition from the subject wells, includes the following:

- Edwards processing plant, new construction, will have 200 MMCFD capacity, with completion in October 2014;
- Dickenson Station, completion expected in late March 2014, will have three compressors and expanded discharge lines;
- Martin County step-out lateral lines:
  - 16-inch later north out of Dickenson with completion in mid-March 2014;
  - 24-inch steel line from the Dickenson compressor station to an area south of Mabee Ranch, estimated completion May 2015;
  - 24-inch poly line from the area south of Mabey Ranch, estimated completion May 2015;

Westtex has other projects that will further benefit increased capacity and reliability. Pioneer requests to extend the current authority to flare or vent the same gas volumes from the subject wells from December 29, 2013, through June 30, 2015.

**FINDINGS OF FACT**

1. Proper notice of this hearing was given to all offset operators at least ten days prior to the date of hearing. There were no protests to the application.
2. The 117 wells on 44 leases are located in Martin County line and are completed in the Spraberry (Trend Area) Field.

3. These 117 wells currently produce a total of 3,555 MCFGPD, which is equivalent to about 30 MCFGPD per well.
4. Due to the rapid development drilling activity in the area, gas infrastructure has been stressed and has insufficient capacity and reliability.
5. Pioneer has obtained an administrative permit to flare or vent gas for 180 days, the maximum administrative exception provided by Statewide Rule 32.
6. Continued authority to flare or vent gas from the subject leases will allow Pioneer to continue to produce oil reserves from the wells.
7. Atlas Pipeline Westtex, Pioneer's gas purchaser in this area, is working on a number of projects to expand capacity and system reliability, directly impacting gas disposition from the subject wells
8. An exception to Statewide Rule 32 to flare or vent up to 1,000 MCFGD from the Curtis, Dove and Scharbauer Leases from December 29, 2013, through June 30, 2015 is appropriate.

**CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested exception to Statewide Rule 32 to flare or vent gas from the subject leases will prevent waste, 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 for the subject leases, as requested by Pioneer.

Respectfully submitted,

Paul Dubois  
Technical Examiner

  
Marshall Enquist  
Hearings Examiner

ATTACHMENT  
PIONEER EXHIBIT NO. 5

Lease #	API #	Well Name & Number	Estimates of Reserves BOE	Current Well Test		
				Oil	Gas	Water
32920	42317374450000	CURTIS A #10	108,575	58	39	90
32920	42317370000000	CURTIS A #9	107,368	28	20	42
32936	42317337840000	CURTIS B #1	39,358	5	7	13
32936	42317363070000	CURTIS B #2	96,817	18	45	32
32934	42317337890000	CURTIS D #1	16,843	3	7	13
32934	42317352320000	CURTIS D #2	13,721	3	7	7
32960	42317362220000	CURTIS E #4	76,182	7	12	21
37796	42317346380000	CURTIS F #2	19,686	3	7	30
33014	42317337970000	CURTIS G #1	32,471	6	9	9
33014	42317356720000	CURTIS G #2	37,064	7	12	24
33076	42317338050000	CURTIS H #1	36,397	4	12	11
33076	42317338510000	CURTIS H #2	38,719	5	13	13
33076	42317346430000	CURTIS H #3	26,780	4	5	10
33076	42317363080000	CURTIS H #4	70,828	11	18	24
33076	42317376370000	CURTIS H #5	101,829	36	54	74
33031	42317362230000	CURTIS I #4	94,176	9	2	48
33080	42317358340000	CURTIS J #3	94,882	17	28	24
33080	42317358350000	CURTIS J #4	104,891	14	33	53
33092	42317338280000	CURTIS L #1	28,837	3	11	8
33141	42317361090000	CURTIS M #2	92,409	15	29	20
33140	42317361890000	CURTIS N #2	115,063	19	49	22
33282	42317338800000	CURTIS P #1	2,067	3	22	5
33282	42317358870000	CURTIS P #2	117,249	32	10	28
33282	42317370770000	CURTIS P #3	85,368	29	45	32
33469	42317339000000	CURTIS Q #1	15,405	2	6	12
33469	42317362890000	CURTIS Q #2	72,576	23	41	39
33305	42317338820000	CURTIS R #1	39,049	8	42	18
33420	42317378390000	CURTIS S #2	50,379	19	128	86
33465	42317339010000	CURTIS T #1	14,390	2	7	11
35873	42317364640000	CURTIS X #2	80,049	24	22	94
32532	42317336270000	DOVE #1	31,317	4	7	12
32480	42317336280000	DOVE A #1	37,155	2	11	10
32480	42317336320000	DOVE A #2	34,606	3	9	16
32480	42317336300000	DOVE A #3	25,275	2	10	5
32480	42317345280000	DOVE A #4	13,930	2	8	4
32480	42317368860000	DOVE A #5	50,866	22	108	51
32490	42317372910000	DOVE A #6	121,080	50	128	88
32452	42317340270000	DOVE B #2	16,815	4	10	29
32493	42317372850000	DOVE D #2	132,445	4	47	1
32482	42317336500000	DOVE E #1	45,665	4	10	11
32482	42317336490000	DOVE E #2	110,334	8	18	30

32462	42317341100000	DOVE E #3	29,041	3	8	16
32462	42317348220000	DOVE E #4	62,340	5	13	19
32462	42317381950000	DOVE E #6	78,156	30	72	59
32563	42317336570000	DOVE F #1	50,488	7	13	14
32528	42317336640000	DOVE H #1	33,016	3	7	12
32528	42317366360000	DOVE H #2	77,373	7	12	33
32531	42317336700000	DOVE J #1	62,140	5	11	13
32531	42317340440000	DOVE J #2	48,884	5	7	8
32625	42317336760000	DOVE K #1	20,487	3	7	9
32625	42317370660000	DOVE K #2	105,522	18	34	41
32645	42317351600000	DOVE N	27,111	3	4	26
32647	42317336820000	DOVE O #1	28,529	4	14	14
32647	42317361170000	DOVE O #2	84,829	20	56	25
32599	42317372900000	DOVE P #2	76,315	41	103	100
32665	42317337050000	DOVE S #1	24,250	3	8	10
32911	42317337420000	DOVE Z #1	11,491	1	1	12
32911	42317359360000	DOVE Z #3	69,372	12	49	68
32911	42317356790000	DOVE Z #4	83,238	14	29	68
22641	42317339670000	SCHARBAUER C #4	37,649	4	14	13
31793	42317366510000	SCHARBAUER E #2	103,221	17	55	46
31776	42317370760000	SCHARBAUER G #2	164,934	28	190	89
32086	42317335350000	SCHARBAUER P #2	55,227	7	12	12
32143	42317356930000	SCHARBAUER R #2	63,085	11	13	22
37534	42317352240000	SCHARBAUER RANCH 33	39,531	8	0	22
37534	42317346270000	SCHARBAUER RANCH 34	52,812	11	3	31
37534	42317373430000	SCHARBAUER RANCH 35	120,989	31	87	158
37534	42317348100000	SCHARBAUER RANCH 36	51,205	6	0	54
37534	42317370210000	SCHARBAUER RANCH 37	29,483			
37534	42317366240000	SCHARBAUER RANCH 38	197,141	40	57	91
37534	42317345310000	SCHARBAUER RANCH 42	35,879	3	2	11
37534	42317360790000	SCHARBAUER RANCH 43	86,383	18	74	76
37534	42317351430000	SCHARBAUER RANCH 44	32,576	7	1	25
37534	42317364430000	SCHARBAUER RANCH 46	51,900	15	2	43
37534	42317364350000	SCHARBAUER RANCH 48	93,007	16	41	34
37534	42317359890000	SCHARBAUER RANCH 50	156,897	29	34	55
37534	42317346410000	SCHARBAUER RANCH 53	59,859	7	2	24
37534	42317364300000	SCHARBAUER RANCH 54	67,873	21	39	65
37534	42317348110000	SCHARBAUER RANCH 55	55,823	8	4	14
37534	42317370220000	SCHARBAUER RANCH 57	123,993	48	85	120
37534	42317352250000	SCHARBAUER RANCH 58	72,880	4	0	29
37534	42317345810000	SCHARBAUER RANCH 60	104,658	16	3	13
37534	42317373450000	SCHARBAUER RANCH 63	58,042	33	5	60
37534	42317360150000	SCHARBAUER RANCH 66	137,301	21	13	58
37534	42317360550000	SCHARBAUER RANCH 67	73,867	24	0	6

37534	42317346260000	SCHARBAUER RANCH 68	28,891	4	1	4
37534	42317350290000	SCHARBAUER RANCH 74	53,906	6	2	22
37534	42317360540000	SCHARBAUER RANCH 76	56,733	14	23	42
37534	42317366270000	SCHARBAUER RANCH 78	112,402	27	71	32
37534	42317360770000	SCHARBAUER RANCH 79	109,854	48	66	64
37534	42317364310000	SCHARBAUER RANCH 80	81,372	20	10	21
37534	42317381290000	SCHARBAUER RANCH 81	102,734	35	57	75
37534	42317366260000	SCHARBAUER RANCH 91	120,660	26	42	76
37534	42317376720000	SCHARBAUER RANCH 97	200,688	90	135	112
37534	42317370230000	SCHARBAUER RANCH 101	112,890	59	118	74
38227	42317348140000	SCHARBAUER RANCH A #1	19,855	3	3	6
38227	42317355220000	SCHARBAUER RANCH A #11	49,830			
38227	42317373660000	SCHARBAUER RANCH A #13	133,374	28	88	56
38227	42317364330000	SCHARBAUER RANCH A #15	103,265	15	45	45
38227	42317371840000	SCHARBAUER RANCH A #18	199,372	29	187	2
38227	42317352670000	SCHARBAUER RANCH A #2	7,058	6	6	21
38227	42317361960000	SCHARBAUER RANCH A #20	79,432	31	33	44
38227	42317348130000	SCHARBAUER RANCH A #4	8,689	8	7	7
38227	42317361070000	SCHARBAUER RANCH A #5	72,198	12	97	86
38227	42317351450000	SCHARBAUER RANCH A #6	18,701	10	3	10
38227	42317350300000	SCHARBAUER RANCH A #9	34,889	4	10	11
32234	42317335590000	SCHARBAUER T #1	12,135	1	1	23
32234	42317356660000	SCHARBAUER T #2	64,779	11	28	36
32082	42317372950000	SCHARBAUER U #2	130,924	36	148	77
32091	42317335640000	SCHARBAUER V #1	29,897	4	9	13
32244	42317341110000	SCHARBAUER W #3	15,194	6	7	22
32226	42317335830000	SCHARBAUER X #1	35,765	4	8	11
32226	42317336200000	SCHARBAUER X #2	48,919	5	10	11
32548	42317336330000	SCHARBAUER Z #1	29,210	5	10	25
32548	42317338710000	SCHARBAUER Z #2	93,563	10	18	13
32548	42317340450000	SCHARBAUER Z #3	21,211	3	22	7
32548	42317341090000	SCHARBAUER Z #4	29,061	4	10	10
<b>Total Estimated Reserves:</b>			<b>7,763,550</b>	<b>1695</b>	<b>3555</b>	<b>3950</b>