



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 01-0274610

THE APPLICATION OF MURPHY EXPL. & PROD. CO-USA FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE TYLER LEASE, WELL NO. 1H IN THE EAGLEVILLE (EAGLEFORD-1) FIELD, MCMULLEN COUNTY, TEXAS

OIL AND GAS DOCKET NO. 01-0275494

THE APPLICATION OF MURPHY EXPL. & PROD. CO-USA FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE Y-BAR LEASE, WELL NO. 1H IN THE EAGLEVILLE (EAGLEFORD-1) FIELD, MCMULLEN COUNTY, TEXAS

HEARD BY: Brian K. Fancher - Technical Examiner
Marshall Enquist - Legal Examiner

DATE OF HEARING: April 27, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Kelli Kenney
Merlyn Spence
Morgan David
Kathy Hutching

Murphy Expl. & Prod. Co-USA

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Murphy Expl. & Prod. Co-USA ("Murphy") requests an exception to 16 TAC §3.32 to flare casinghead gas from its Tyler Lease, Well No. 1H and Y-Bar Lease, Well No. 1H. Proper notification was provided to affected parties and no protestant appeared at the hearing.

This application was uncontested and the examiners recommend approval of the applications, as requested by Murphy.

DISCUSSION OF THE EVIDENCE

Title 16, §3.32 of the Texas Administrative Code governs the utilization of natural gas produced under the jurisdiction of the Railroad Commission. In the context of the subject application, Murphy is requesting to flare casinghead gas produced by its Tyler Lease, Well No. 1H and Y-Bar Lease, Well No 1H, as provided by 16 TAC §3.32(h).

16 TAC §3.32(h) provides that an exception to flare natural gas in volumes greater than 50 MCFGPD per well may be granted administratively for a period up to 180 days. The Tyler Lease, Well No. 1H was completed on February 14, 2011 in the Eagleville (Eagle Ford-1) Field. The initial potential test performed on September 24, 2011 indicates the Tyler Well No. 1H produced at a rate of 539 BOPD, 456 MCFGPD, and 119 BWPD. Evidence submitted on behalf of Murphy indicates the applicant applied for an administrative exception to Title 16, §3.32 on December 13, 2011, effective September 08, 2011, to flare casinghead gas from the Tyler well up to a volume of 400 MCFGPD. Subsequently, Murphy obtained two additional administrative exceptions for the Tyler 1H that ultimately expired on March 08, 2012.

The Y-Bar Lease, Well No. 1H was completed on July 09, 2011 in the Eagleville (Eagle Ford-1) Field. The initial potential test performed on September 06, 2011 indicates the Y-Bar Well No. 1H produced at a rate of 308 BOPD, 139 MCFGPD, and 148 BWPD. Murphy initially obtained an administrative exception to Title 16, §3.32 for the Y-Bar Lease, Well No. 1H, effective September 07, 2011, to flare casinghead gas up to a volume of 170 MCFGPD. Subsequently, Murphy obtained two additional administrative exceptions for the Y-Bar 1H that ultimately expired on April 13, 2012.

Murphy seeks to extend the flaring exceptions that were initially obtained beyond the 180 day administrative allowance provided by Title 16, §3.32. At the hearing, Murphy testified it seeks to flare no more than 400 MCFGPD for its Tyler Lease, Well No. 1H through September 2012. The witness on behalf of Murphy testified it anticipates design and construction of the gas gathering and compression facility for the Tyler lease to be complete by September 2012.

Murphy requested to flare no greater than 170 MCFGPD for its Y-Bar Lease, Well No. 1H through August 2012. At the hearing, Murphy testified that the gas gathering and compression facility for the Y-Bar Lease began construction in February 2012. At the time of the hearing, Murphy testified the gas facility was approximately 85-90% complete and anticipated the facility to be mechanically complete by May 2012. However, Murphy testified that although the gas facility for the Y-Bar Lease is near completion, the volume of gas produced by the Y-Bar Lease, Well No. 1H is not enough to warrant operation of the associated gas facility. Murphy further testified it is in the process of drilling four additional wells on the Y-Bar Lease and anticipates the additional gas production will be a volume sufficient to initiate operations of the Y-Bar gas facility.

FINDINGS OF FACT

1. Proper notice of this hearing was given at least ten days prior to the date of hearing. There were no protests to the application.
2. The Tyler Lease, Well No. 1H was completed in the Eagleville (Eagle Ford-1) Field on February 14, 2011.
3. The initial potential test performed on September 24, 2011 indicates the Tyler Well No. 1H produced at a rate of 539 BOPD, 456 MCFGPD, and 119 BWPD.
4. Murphy obtained an administrative exception to 16 TAC §3.32 for the Tyler Lease, Well No. 1H, effective September 07, 2011, to flare casinghead gas up to a volume of 170 MCFGPD. that ultimately expired on April 17, 2012.
5. The Y-Bar Lease, Well No. 1H was completed on July 09, 2011 in the Eagleville (Eagle Ford-1) Field.
6. The initial potential test performed on September 06, 2011 indicates the Y-Bar Well No. 1H produced at a rate of 308 BOPD, 139 MCFGPD, and 148 BWPD.
3. Murphy obtained an administrative exception to 16 TAC, §3.32 for the Y-Bar Lease, Well No. 1H, effective September 07, 2011, to flare casinghead gas up to a volume of 170 MCFGPD that ultimately expired on April 13, 2012.
6. An exception to TAC 16 §3.32 for the Tyler Lease, Well No. 1H from November through September 2012 is appropriate.
9. An exception to TAC 16 §3.32 for the Y-Bar Lease, Well No. 1H through August 2012 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 authority pursuant to 16 TAC, §3.32 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 16 TAC §3.32 for the Tyler Lease, Well No. 1H (API No. 42-311-34510) and the Y-Bar Lease, Well No. 1H (API No. 42-311-34297) in the Eagleville (Eagle Ford-1) Field, as requested by Murphy Expl. & Prod. Co. - USA.

Respectfully submitted,



Brian K. Fancher, P.G.
Technical Examiner



Marshall Enquist
Legal Examiner