



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0277859

THE APPLICATION OF ETOCO, L.P. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE SPITFIRE UNIT, WELL NO. 1H, GIDDINGS (BUDA) FIELD, MILAM COUNTY, TEXAS

HEARD BY: Brian K. Fancher, P.G. - Technical Examiner
Laura Miles-Valdez - Legal Examiner

DATE OF HEARING: October 12, 2012

APPEARANCES: **REPRESENTING:**

APPLICANT:

James Bostic

Etoco, L.P.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Etoco, L.P. ("Etoco") requests an exception to 16 TAC §3.32 to flare casing-head gas from its Spitfire Unit, Well No. 1H, Giddings (Buda) Field, Milam County, Texas. All operators adjacent to the subject lease were mailed the Notice of Hearing dated June 01, 2012. The application was unopposed. The examiners recommend approval of the application, as requested by Etoco.

DISCUSSION OF THE EVIDENCE

Title 16, §3.32 of the Texas Administrative Code governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. In the context of the subject application, CW requests to flare casinghead gas produced from the subject well, as prescribed in 16 TAC §3.32(h).

Specifically, 16 TAC §3.32(h) provides that an exception to flare natural gas in volumes greater than 50 thousand cubic feet of gas per day ("MCFGPD") per well may be granted administratively for a period up to 180 days. Beyond that, 16 TAC §3.32(h)(4) stipulates that exceptions beyond the 180 days shall be granted only in a final order signed by the Commission.

Etoco seeks an exception 16 TAC §3.32 for two days beyond the 180-day administrative exception it obtained at a daily gas rate of 550 thousand cubic feet of gas per day (“MCFGPD”) for Spitfire Unit, Well No. 1H. The subject well is completed in the Giddings (Buda) Field and located in Milam County, Texas.

In support of its position, Etoco submitted an affidavit of facts prepared by Walter Cochran, President of Etoco, signature affixed. The affidavit includes seven exhibits (Exhibits A-H) that include a completion report dated August 09, 2012 for the subject well, the October 2012 oil proration schedule for the subject field, two aerial plats detailing the boundaries of the subject lease, a copy of Permit No. 11182, granting Etoco administrative authority to flare 550 MCFGPD of casing-head gas from the subject well for 180 days, production reports filed with the Commission for the subject lease, and a copy of the Statewide Rule 32 Data Sheet for the subject application.

The subject well was completed on February 10, 2012 and tested for initial potential on February 12, 2012. Subsequently, Etoco asserted the subject well was shut-in. The initial potential test for the subject well indicated the well produced 1,207 BOPD, 1,295 MCFG, and 1072 GOR. Prior to the test the well produced 340.7 BO.

Etoco received administrative authority to flare up to 550 MCFGPD of casing-head gas from the subject lease from March 20, 2012 through September 18, 2012. By letter dated August 09, 2012, counsel on behalf of Etoco requested a hearing be set for the subject application, in which Etoco seeks to flare 550 MCFGPD from the subject well from September 18-20, 2012. Etoco affirmed that the subject well was connected to a gas pipeline at 11:30 a.m., September 20, 2012.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all operators adjacent to the Etoco, L.P. (“Etoco”), Spitfire Unit, at least ten days prior to the date of hearing.
2. Etoco seeks a Final Order, as required in 16 Texas Administrative Code (“TAC”) §3.32(h), to flare 550 thousand cubic feet of casing-head gas per day (“MCFGPD”) from September 18, 2012 through September 20, 2012.
3. The Spitfire Unit, Well No. 1H was completed in the Giddings (Buda) Field in Milam County, Texas on September 10, 2012.
4. The Spitfire Unit, Well No. 1H produced oil and gas from the Giddings (Buda) Field from February 2012 through August 2012.
5. The Spitfire Unit, Well No. 1H was connected to a gas pipeline on September 20, 2012.

6. Etoco received administrative authority to flare 550 MCFGPD from March 20, 2012 through September 18, 2012 from the Spitfire Unit, Well No. 1H.


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 Texas Administrative Code §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 Spitfire Unit, Well No. 1H (API No. 42-331-34090) in the Giddings (Buda) Field from September 18-20, 2012.

Respectfully submitted,


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