

THE APPLICATION OF CINCO NATURAL RESOURCES, CORP. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE F. CRAIN LEASE, WELL NO. 1H IN THE EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS

HEARD BY: Brian K. Fancher - Technical Examiner
Michael Crnich - Legal Examiner

DATE OF HEARING: March 22, 2012

APPEARANCES: **REPRESENTING:**

APPLICANT:

Doug Dashiell
Belinda Salinas

Cinco Natural Resources, Corp.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Cinco Natural Resources, Corp. ("Cinco") requests an exception to Statewide Rule 32 to flare casinghead gas from its F. Crain Lease, Well No. 1H. All operators in the subject field were notified of the hearing and there were no objections filed and no protestant appeared at the hearing.

This application was unprotested and the examiners recommend approval of the application, as requested by Cinco.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of natural gas produced under the jurisdiction of the Railroad Commission. In the context of the subject application, Cinco is requesting to flare casinghead gas produced by its F. Crain Lease, Well No. 1H, as provided in Statewide Rule 32(h).

The F. Crain Lease, Well No. 1H was completed in April 2011 in the Eagleville (Eagle Ford-1) Field. The witness on behalf of Cinco testified that at the time the well was completed, gas gathering infrastructure was approximately one mile from the location of the subject well. Due to the well's prolific oil production and the inadequate gas pipeline infrastructure, Cinco obtained administrative exceptions for a total of 180 days beginning on May 26, 2011 and ending on November 24, 2011.

The Commission's Statewide Rule 32(h) provides that an exception to flare natural gas in volumes greater than 50 MCFGPD may be granted administratively for a period up to 180 days. As previously mentioned, Cinco's administrative exception to flare natural gas from the subject well expired on November 24, 2011. At the hearing, Cinco testified that subsequent to the 180 day expiration date it flared a total of 12,020 MCF of casinghead gas at the subject well from November 25, 2011 through March 12, 2012. Further, Cinco testified the average daily gas flaring volume for each month after November 2011 exceeded 50 MCFGPD.

At the hearing, Cinco testified it is seeking an exception to Statewide Rule 32 for flaring natural gas from the subject well from November 25, 2012 through March 12, 2012. The representative on behalf of Cinco testified that the well was connected to a pipeline at the end of February 2012; however, due to the well being unable to properly load-up, additional flaring was necessary. Furthermore, Cinco testified it is not seeking any additional relief from Statewide Rule 32 beyond the volume flared from the subject well after March 12, 2012.

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 F. Crain Lease, Well No. 1H was completed in the Eagleville (Eagle Ford-1) Field in April 2011.
3. Cinco obtained administrative exceptions for a total of 180 days beginning on May 26, 2011 and ending on November 24, 2011.
4. Cinco flared a total of 12,020 MCFG from November 25, 2011 through March 12, 2012 from the F. Crain Lease, Well No. 1H.
5. Cinco connected the F. Crain Lease, Well No. 1H to a gas pipeline in February 2012.
6. An exception to Statewide Rule 32 for the F. Crain Lease, Well No. 1H from November 25, 2011 through March 12, 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 Statewide Rule 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 Statewide Rule 32 for the F. Crain Lease, Well No. 1H (API No. 42-013-34318) in the Eagleville (Eagle Ford-1) Field, as requested by Cinco Natural Resources Corp.

Respectfully submitted,

Brian K. Fancher
Technical Examiner

Michael Crnich
Legal Examiner